BUSINESS WEEK

A McGRAW-HILL PUBLICATION

JULY 2, 1960

REPORT ON WAN ARBOR MICH CENT TBEL

GC B

O MIA OB MICH



Bottle Imp Tamed for Keeps

Whether he attacks metal jar lids and bottle caps from inside or out, this corrosive imp is a threat to foods and beverages...

But now Shell Chemical's Epon® resinbased coatings form an imp-proof armor that tames corrosive attacks for keeps. Used as a coating, only one-fifth as thick as the cellophane on your cigarette pack, an Epon primer is impervious to corrosion vapors—

even to pickling solutions of salt and vinegar. And on bottle caps, despite heavy pressures used to crimp and seal, Epon resin coatings remain uncracked, unchipped, and uninvaded.

Result: Better eating for everyone but the

bottle imp. His appetite for metal lids and caps is effectively curbed by Shell Chemical's Epon resin.

Shell Chemical Company

Chemical Partner of Industry and Agriculture



In BUSINESS this WEEK JULY 2, 1960

GENERAL BUSINESS SOVIETS STAGE ANOTHER WALKOUT. Geneva talks on disarmament break down—and hint of peril to negotiations on a nuclear test ban.... 17 Page ICBM SPEEDUP BRINGS U.S. GAIN IN MISSILE RACE. With later mis-**BUSINESS OUTLOOK 11** siles coming on ahead of schedule, U.S. is catching up to Soviets..... 18 WASHINGTON OUTLOOK 33 INTERNATIONAL OUTLOOK 71 GOVERNORS-MOSTLY DEMOCRATS, MOSTLY FOR KENNEDY. PERSONAL BUSINESS 93 THE TREND 104 Conference at Glacier Park is a "dry run" of coming Presidential nominations... 20 FIGURES OF THE WEEK 2 READERS REPORT 5 ONLY AN EVEN CHANCE IN ALGERIA. Full peace talks, though likely 23 soon, face big obstacle in nationalist insistence on political discussion.. WHAT THE CENSUS SHOWS ABOUT TRENDS IN INCOME, CITY GROWTH ... 24 BANKS IN NO HURRY TO CUT RATES. Weeks have passed since the Fed cut the discount rate, but the banks say they can't pass the reduction along just yet. 26 QUEBEC UPSET. Political upheaval may mean tougher attitude toward Amer-28 IN BUSINESS. Tax break ended on sales of used capital equipment; Capital Airlines tries new tacks; busy week for the antitrusters.... 30 SPECIAL REPORT: PUBLIC RELATIONS TODAY. How 1960's booming PR business operates, and what U.S. companies' \$2-billion-a-year PR tab is buying in avoiding tight spots, 40 winning goodwill, and selling products..... THE DEPARTMENTS BUSINESS ABROAD: The Seven Set Up In Business. British-led Outer Seven goes into action to vie with the older EEC, the Inner Six..... Wages to Squeeze Rails Harder. And the roads aren't sure they can pass cost to FINANCE: shippers. They could lose business..... Unions' Chips Are on Kennedy though there'll be no official endorsement until after LABOR: 80 Reuther Links Output to Votes. UAW president charges Big Three is boosting fall output to insure prosperity at election time... 81 In Labor. Union's "Little Caesar" convicted under Taft-Hartley; price index nudged up by food; automation study; "exercise breaks"; plumbers' pay..... 83 MANAGEMENT: Oil Company's Art Show Wins Friends in Colombia..... 100 Hot Fight to Keep Engines Cool. Chemical companies vie to sell motorists new anti-MARKETING: freezes that also stop overheating..... 96 Japan Fishes for Capital, but Bait Is Too Skimpy. Visiting U. S. financiers find Tokyo's THE MARKETS: "liberalized" fiscal laws still too stiff to attract them..... 85 86 In the Markets. Mixed stock prices; New York Central's bid for control of B&O; retrenchment and merger plans at Williston & Beane..... 88 In Production. Isotope lab at Oak Ridge; GE's multipurpose tube; reconstituted PRODUCTION: 39 leather; heat-resistant metals; salt water conversion...

BUSINESS WEEK is published weekly by McGraw-Hill Publishing Co., Inc., 330 W. 42nd St., N. Y. 36, N. Y. Second Class Postage Paid at N. Y. 1, N. Y., and at Albany, N. Y. Subscription S6 a year in U. S. A. Canadian and foreign rates on request. This issue is published in National and Special editions.

Number 1609

FIGURES of the WEEK

1947-49=100					170
	^		M	4	160
	/ W	-	1	1	150
W N		1			140
		TEEL STRIKE			140
Nur					130
W /*					100
· W ·			1		120
) <u> </u>	In tulinte	linkind	ulur unlu	ليباسلسا	110 لس
JASON DIJFM. AMJJASON DIJFMA	1959	A O O	14 5 0 1	1960	3
1957 I 1958 I				Week	§ Latest
	1953-55 Average	Year Ago	Month Ago	Ago	Wook
JSINESS WEEK INDEX (chart)	133.3	159.3	150.5	152.8 r	153.9*
DDUCTION seel inget (thous, of tons)	2,032	2.215	1,726	1,739r	1,560
reginger (mous. or rons)	125,553	127,217	142,359	137,641r	140,319
mineering const. awards (Eng. News-Rec. 4-wk, daily av. in thous.)	\$52,412	\$84,788	\$83,519	\$94,408	\$92,074
octric power (millions of kilowatt-hours)	10,819	13,749	13,572	14,053	14,213
ude oil and condensate (daily av., thous, of bbl.)	6,536	7,025	6,815	6,840	6,820
tuminous coal (daily av., thous. of tons)	1,455	1,560	1,404	1,467r 317,358	1,483 323,223
perheard (fons)	247,488	323,657	310,595	317,330	929,229
ADE .					
arloadings: mfrs., miscellaneous and l.c.l. (daily av., thous. of cars)	70	66	60	60 48	59 50
privadings: all ethers (daily av., thous, of cars)	121	55 143	46 138	144	148
rainess failures (Dun & Bradstreet, number)	198	256	299	353	296
CES	89.2	91.8	93.1	91.5	91.4
dustrial raw materials, daily index (BLS, 1947-49 = 100)	90.5	81.1	77.3	77.1	76.8
int cleth (spot and nearby, yd.)	19.8€	19.5€	21.1€	21.2∉	21.2
nished steel, index (BLS, 1947-49 = 100)	143.9	186.7	186.8	186.6	186.6
rap steel composite (Iron Age, ton)	\$36.10	\$38.50	-\$32.50	\$31.00	\$31.00
opper (electrolytic, delivered price, E&MJ, lb.)	32.394≠	31.460¢	33.000∉	33.000∉	33.000
uminum, primary pig (U. S. del., E&MJ, lb.)	20.6∉	24.7¢	26.0¢	26.0∉	24.03
beat (No. 2, hard and dark hard winter, Kansas City, bu.)	\$2.34	23.60∉ \$1.90	25.02¢ \$1.98	24.07¢ \$1.99	\$1.87
otton, daily price (middling, 1 in., 14 designated markets, lb.)	34.57€	34.35¢	32.20∉	32.25€	32.25
ool taps (Boston, Ib.)	\$1.96	\$1.84	\$1.70	\$1.68	\$1.67
ANCE	137				
10 stacks composite, price index (S&P's, 1941-43 = 10)	31.64	58.30	55.79	57.30	57.30
edium grade corporate bond yield (Baa issues, Moody's)	3.59%	5.05%	5.28%	5.27%	5.28%
ime commercial paper, 4 to 6 months, N. Y. City (prevailing rate)	2-21/8%	31/8 %	41/4%	3%%	3 1/8 %
NKING (Millions of Dollars)					
mand deposits adjusted, reporting member banks	††	60,781	58,265	59,784r	59,607
tal loans and investments, reporting member banks	††	102,366	102,718	104,213r	103,776
mmercial, industrial, and agricultural loans, reporting member banks	††	33,800	32,094	32,465 r	32,557
S. gov't guaranteed obligations held, reporting member banks	††	30,598	25,790	25,640	25,572
tal federal reserve credit outstanding	26,424	28,147	27,338	27,609	28,135
NTHLY FIGURES OF THE WEEK		1953-55 Average	Year	Month Ago	Latest
using starts (in thousands)		101.5	156.0	125.0	128.3
st of living (U. S. Dept. of Labor BLS, 1947-49 = 100)	******	114.6	124.0	126.2	126.3
Graw-Hill Indexes of New Orders (1950 = 100)		204	170	174	300
New Orders for machinery, except electrical (seasonally adjusted)May Construction & mining machinery		104	178 222	174 199	188
Engines & turbinesMay		106	178	199	173
Pumps & compressorsMay	******	120	267	310	323
Metalworking machinery		125	197	160	190
Other industrial machinery		95	155	151	166
Office equipment		109	185	220	222
W contracts tor industrial building		128	114	137	141

* Prelminary, week ended June 25, 1960.

t Revised.

B Date for 'Latest Week' on each series on request.

THE PICTURES—Cover—Herb Kratovil; 18—(left) USAF, (right) RCA; 19—American Machine and Foundry; 20, 21, 22—Marshall Lockman; 28—Pictorial Parade; 40—H. Grant Compton; 44—(top left) Bettman Archives; (top mid. and right) WW, (right mid.) Edward L. Bernays, (bol left) Bettman Archives; 48—Herb Kratovil; 55—(left top) James W. Cook, (left bot.) USS, (right top) Texaco, (right bot.) Ford Motor Co.; 58—(top) H. Grant Compton, (bot.) Dudley-Anderson-Kutzy, 60—(top) left and right, bottom left) Herb Kratovil, (bot. right) H. Grant Compton; 85—Mikke Securities; 99—Westinghouse; 100-101—Noel Clark; 102—Joe Birgnolo.



A "slightly" exaggerated portrayal of resourceful Vice President Joseph Kennedy on his way to customer counseling via Horseshoe Curve, Penn.

Nothing stops Chase Manhattan men from reaching you with the key to your financial planning

If necessary, resourceful and imaginative officers of The Chase Manhattan Bank's United States Department will use anything from a handcar to shanks mare to reach good customers with financial counseling.

And, wherever they're bound, they have a hard-headed slogan:

"We try not to tell good customers why it <u>can't</u> be done. We do our level best to tell them <u>how</u> they can do it."

This adds considerably to the

versatility of the big key The Chase Manhattan men carry.

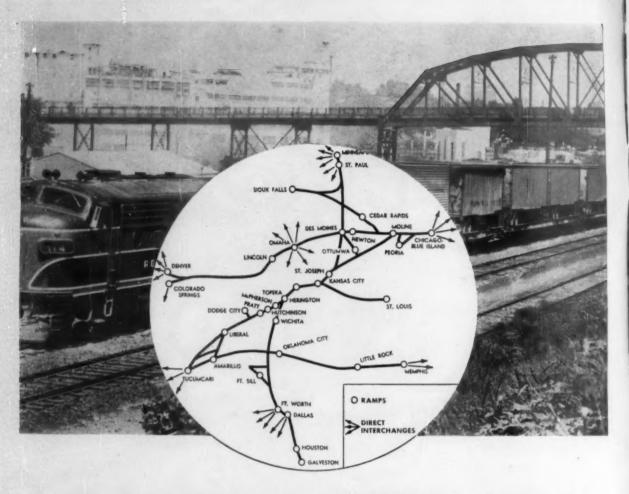
Backing each officer of the Bank is a line and staff organization of 15,000 skilled and experienced people. At a word from a customer, they go into action. Then into the field goes every resource, every ounce of lore and knowledge stored up in the nation's number-one bank lender to business and industry.

In brief, if you become a customer of The Chase Manhattan Bank you'll get continuous, cooperative counseling—the true key to your financial planning.

"Financial Counseling—The Modern Concept of Commercial Banking"

CHASE MANHATTAN BANK

Member Federal Deposit Insurance Corporation



Strategically located piggyback ramps ...another good reason for shipping Rock Island

The optimum piggyback service combines the efficiency of long hauls by rail, the economy of short hauls by truck. What makes this ideal combination possible is the existence of piggyback facilities in numerous key areas.

The Rock Island map above shows how piggyback ramps blanket the system—and how, if the destination of your shipment is outside Rock Island territory, you can reach into every corner of the nation through Rock Island's direct interchanges with other railroads.

So capitalize on this complete transportation service. Next time you ship piggyback, ship via the Rock Island railroad. Get the benefit of strategically located ramps and direct interchange points... plus equipment engineered to meet your requirements...plus the services of experienced, conscientious personnel...plus a shipping plan that best fits your needs.

Your Rock Island traffic representative will be glad to help you put this effective combination to work. Why don't you get in touch with him today?



ROCK ISLAND LINES

The railroad of planned progress...
geared to the nation's future
CHICAGO 5

E K

EDITOR & PUBLISHER Elliott V. Bell MANAGING EDITOR Kenneth Kramer

ASSISTANT MANAGING EDITOR Robert B. Colborn ASSOCIATE MANAGING EDITORS John L. Cobbs, Peter French SENIOR EDITORS

Clark R. Pace, Howard Whidden, M. J. Rossant, Leonard Silk, Richard L. Waddell

DEPARTMENTS

Business Outlook: Clark R. Pace, Editor
Economics: Leonard Silk, Editor
Finance: M. J. Rossant, Editor; Irwin Lainoff, H. Erich Heinemann
Foreign: Howard Whidden, Editor; Richard C. Halloran, Robert Gibson
Industrial Production: Theodore B. Merrill, Jr., Editor; Philip Osborne
Labout Edward T. Tompsond Editor Industrial Production: Theodore B. Merrill, Jr., Editor; Philip Osborne
Labor: Edward T. Townsend, Editor
Management: W. J. Arnold, Editor; Lois Stewart, Herbert Klein
Marketing: Richard L. Waddell, Editor; Cora Carter, George B. Finnegan
Personal Business: Joseph L. Wiltsee, Editor; Nathalie E. Lampman
Regions: Werner Renberg, Editor
Research: Jane H. Cutaia, Editor
Copy Editors: T. B. Crane (Senior Copy Editor), Jeanne A. Bernhardt, Robert F. Deed, John A.
Dierdorff, Lawrence H. Odell, Doris I. White
Staff Writers: John H. Maughan, Christopher Elias
Statistician: Resa A. Warshaw
Editorial Production: Jean Drummond, John A. C. Elder, George Heroux, Kenneth K. Kost,
Kathleen Kundel, Robert F. Murphy
Illustration: Richard A. Wolters, Editor; Grant Compton, Pictures; Frank Ronan, Graphics; Mario
De Vincentis, Jack H. Fuller, Herbert F. Kratovil, Jomary Mosley, Arthur Richter
Library: Tessie Mantzoros, Librarian
Assistant to the Editor & Publisher: Gerald W. Schroder

U.S. & CANADIAN NEWS SERVICE

U.S. & CANADIAN NEWS SERVICE

U.S. & CANADIAN NEWS SERVICE

Boston Bureau: Brenton Welling, Jr., Manager
Boston Bureau: Merlin H. Mickel, Manager, Franklin N. Karmatz
Cleveland Bureau: John K. Fockler, Manager
Dallas Bureau: John Whitmore III, Manager
Detroit Bureau: William Kroger, Manager
Betroit Bureau: William Kroger, Manager; Michael W. R. Davis
Houston Bureau: Normand DuBeau, Manager
Los Angeles Bureau: Thomas M. Self, Manager: James P. Roscow, M. Yvonne Seadin
Milwaukee Bureau: Keith G. Felcyn, Manager; Peg McCormick
Philadelphia Bureau: W. B. Whichard, Jr., Manager; Eileen P. Schneider; Daniel B. Moskowitz
Pittsburgh Bureau: Richard N. Larkin, Manager; George W. New, Mary K. McCaffery
San Francisco Bureau: Richard I. Ambonger; Margaret J. Scandling
Toronto Bureau: John D. Harbron, Manager
Washington Bureau: George B. Bryant, Jr., Manager; Alan E. Adams, Glen Bayless, Roy Calvin,
Anthony Deleonardis, John C. L. Donaldson, Jay Flocken, Boyd France, Donald O. Loomis,
Gladys Montgomery, Arthur L. Moore, Burkey Musselman, Seth Payne, Dean Reed, Morton
A. Reichek, Caroline Robertson, David W. Secrest, Richard A. Smith, Vincent Smith.

McGRAW-HILL ECONOMICS STAFF

Dexter M. Keezer, Director; Douglas Greenwald, Alfred Litwak, Margaret K. Matulis, Guenter H. Mattersdorff, William J. Brown

McGRAW-HILL NEWS SERVICE

Manager: John Wilhelm; Beirut: O. M. Marashian; Bonn: Morrie Helitzer, Silke Brueckler; Caracas: John Pearson; London: John Shinn, Paul Finney, John Tunstall, Derek Barlow; Mexico City: Peter Weaver; Moscow: Ernest Conine; Paris: Robert E. Farrell, Helen Avati; Rio de Janeiro: Leslie Warren; Tokyo: Sol Sanders, John Yamaguchi, Toshiko Matsumura; Atlanta: B. E. Barnes; Chicago: Stewart W. Ramsey; Cleveland: Arthur Zimmerman; Dallas: Marvin Reid; Detroit: Donald MacDonald; Los Angeles: Kemp Anderson, Jr.; San Francisco: Jenness Keene; Seattle: Ray Bloomberg



ASSOCIATE PUBLISHER Bayard E. Sawyer ADVERTISING DIRECTOR John M. Holden BUSINESS MANAGER Richard E. McGraw



BUSINESS WEEK . JULY 2, 1960 . NUMBER 1609

BUSINESS WEEK • JULY 2, 1960 • NUMBER 1609

Published weekly by McGraw-Hill Publishing Company, Inc., James H. McGraw (1860-1948), Founder. PUBLICATION OFFICE: 330 West 42nd Street, N. V. 36, N. V. See panel below for directions regarding subscriptions or change of address. EXECUTIVE, EDITORIAL, CIRCULATION and ADVERTISING OFFICES: McGraw-Hill Building, 330 West 42nd Street, N. Y. 36, N. Y. OFFICERS OF THE CORPORATION: Donald C. McGraw-Hill Building, 330 West 42nd Street, N. Y. 36, N. Y. OFFICERS OF THE CORPORATION: Donald C. McGraw-Hill Building, 330 West 42nd Street, N. Y. 36, N. Y. OFFICERS OF THE CORPORATION: Donald C. McGraw-Hill Building, 330 West 42nd Street, N. Y. 36, N. Y. OFFICERS OF THE PUBLICATIONS DIVISION: Nelson L. Bond, President; Shelton Fisher, Wallace F. Traendly, Senior Vice Presidents; L. Keith Goodrich, Vice President and Circulation Coordinator. Subscriptions to Business Week are solicited only from management men in business and industry. POSITION AND COMPANY CONNECTION MUST BE INDICATED ON SUBSCRIPTION ORDERS. SEND TO ADDRESS SHOWN IN BOX BELOW. United States subscription rates for individuals in the field of the publication, 50 per year, single copies 50¢. Canadian and foreign rates on request, UNCONDITIONAL GRANATEE: The publisher, upon written request from any subscriber to our New York office, agrees to refund the unsarmed part of the subscription price applying to the remaining unfilled portion of the subscription. Second class postage paid at N. Y. 1, N. Y. and at Albary, N. Y. Printed in U. S. A. Title registered in U. S. Patent Office. @ Copyright 1960 by McGraw-Hill Publishing Co., Inc. All rights reserved.

SUBSCRIBERS: Send subscription correspondence and change of address to Fulfillment Manager, BUSINESS WEEK, 330 W. 42nd Street, N. Y. 36, N. Y. Subscribers should notify Fulfillment Manager promptly of any change of address, giving old as well as new address, and including postal zone number, if any (official Post Office request). If possible, enclose an address label from a recent issue of the magbarne. Since copies are addressed one to two issues in advance, please allow one month for change of address to become effective.

POSTMASTER . . . Please send form 3579 to Business Week, 330 W. 42nd Street, N. V. 36, N. Y.

READERS REPORT

Metropolitan Areas

Dear Sir:

Of all the journals I have read which commented on the loss of population by cities [BW-Jun.18 60,p64] BUSINESS WEEK is the only one which recognizes the fact that metropolitan areas must be treated as entities. But even you falter when it comes to noting the real trend toward "super-government."

Such over-all governments simply must come-to save both the cities and the suburbs. Both will eventually collapse without policies which treat whole metropolitan areas as entities. True, these over-all units will begin as you indicate by dealing with problems common to all the present "horse and buggy" governmental units. But eventually events themselves will force the over-all governmental patterns.

Until that time comes, there will be bungling, inefficiency, hostility between political units, and wailings about the inability to solve

problems. Before many of us realize it, we must begin to treat these metropolitan units in terms of the functions they now perform, not in terms of the functions they formerly performed. Central cities will cease to be places for selling goods. They will be centers of large industrial offices, governmental functions, communications, banking, theater and show places for visitors. . . .

WILLARD JOHNSON

PRESIDENT COMMITTEE FOR INTERNATIONAL ECONOMIC GROWTH WASHINGTON, D. C.

A New Era

Dear Sir:

Experts Tackle Riddle of Strategy for Peace, [BW—Jun.11'60, p108] reports: "The conference reached overwhelming agreement that it was necessary to go on living with the bomb. . . .

Every cloud has a silver lining! progressively increasing The mechanization of industry brings in its train progressively increasing dilemmas and paradoxes.

Thomas Jefferson postulated the viability of democracy on two basic moral principles: 1) give everybody a fingerhold on knowledge (public school), 2) give everybody a toehold on mother earth (the earth belongs to the living). Both were rejected by his contemporaries.

The increasing mechanization of





on savings

• 4%% current annual rate, dividends paid quarterly • World headquarters for the savings of 150,000 individuals, corporations and trusts in 50 ntates, 63 foreign countries • Same, sound management policies since 1925 • 384,000,000 reserves • Resources over 3½-billion • Accounts insured by F.S.L.I.C. • Funds received by 10th of month, earn from 1st • We pay postage both ways

CALIFORNIA FEDERAL SAVINGS

WORLD HEADQUARTERS FOR SAVINGS FREE! "The California Story"— 16 exciting pages of men, land and money in the Golden State!

California Federal Savings Association
Box 54067, Terminal Annex, Los Angeles 54, Calif.

Please sand "The California Story"

Address

Purela enclosed in amount of \$.



Hydroscale attached to hold back winch used on dyno-mometer application laving.

for GIANT APPLICATIONS as a DYNAMOMETER

- · Indicates direct loads up to 200,000 lbs.
- Engineered and built for long service-life.
 Over 110 Models in the complete line.
- Capacities 0-500 lbs. to 0-200,000 lbs. Easy-to-Read dials available in 3 sizes.

Lasy-ro-nead anis available in 3 sizes.

Hydroscales are ideal for use as Dynamometers in measuring Drawber Pull, Cable and Powerline construction, Pipeline laying, Bridge construction and wherever contractors need to accurately measure tension or weight.

Hydroscoles are used throughout the world for such

oppingations as:—

Pipe Cooking © Pipeline Laying © Measuring
Suspension Bridge Strain © Equalizing Guy-Wire
Tension © Cable Anchoring Devices © Tracition
Testing © Torque Testing © For Use As a Hanging
Scale for Weighing, check weighing and Inventory
Material Weighing © Protecting Equipment From
Overchandism

HYDROSCALES Guaranteed—They are guaranteed to be free of defects in workmanship and materials, and to be occurate to $\frac{1}{2}$ of 1% of the maximum dial capacity.

"The world's largest producer of crane scales"

HYDROWAY SCALES, INC. ROYAL OAK, MICHIGAN

industry brings about a progressively increasing fingerhold on knowledge-public school.

The increasing mechanization of industry, plus progressively increasing fingerhold on knowledge, plus "the necessity to go on living with the bomb," will bring about the implementation of Thomas Jefferson's second basic moral principle: "The earth belongs to the living." Verily, we are on the threshold of a new era of pioneering.

"The necessity to go on living with the bomb" is the catalytic agent of the dilemmas of the progressively increasing mechaniza-

tion of industry.

PHILIP WEISS

ST. LOUIS, MO.

Balanced Budget Crucial

Dear Sir:

Reference your editorial [BW-Jun.11'60,p174] concerning the Federal Reserve's buying Treasury bills. Every time the Fed buys government securities, inflation gets another boost and gold looks better to foreign creditors and Khrushchev gets closer to a Communist victory. The only way to make the dollar stable is to balance the federal debt. Otherwise, our currency will eventually be unacceptable on a day-to-day basis and chaos will result.

MORRIS E. CHAPMAN

INSURANCE DENVER, COLO.

Written Questions

Dear Sir:

A correction is called for in your account of the annual meeting of The Standard Oil Co. [Ohio] [BW -May28'60,p1651.

The company did not demand written questions at its annual meeting and did provide microphone service to the audience which was used.

Cards, on which to write questions, were distributed prior to the "question and answer period" for the convenience of those stockholders who would rather write their questions than ask them in person. We started the use of written questions some years ago to increase stockholder participation. This has proven itself since 83 questions, many with several parts, were asked and answered at this year's meeting.

H. S. MOLLER, JR.

SECRETARY THE STANDARD OIL CO. OF OHIO CLEVELAND, OHIO

Long Distance is a good friend of sales managers

When it comes to cutting costs and boosting sales, Long Distance is in your corner all the way.

Have your salesmen telephone ahead for appointments. That will hold down their waiting time, and help them see more prospects every day they're on the road. More sales for them—lower selling costs for you.

Tell your customers to call collect whenever they need anything. That can bring you extra sales between trips.

For example: Central Woodwork, Inc., Memphis, invited its 566 dealers to call orders collect. Each \$1 spent on Long Distance brought \$234 in sales.

Long Distance can work profitably for you, too. Try it.

LONG DISTANCE RATES ARE LOW

Here are some examples:

Kansas City to Omaha							70∉
Chicago to Toledo							80∉
Detroit to New York .				0	0		\$1.25
Philadelphia to Indianapa	oli	s		٠			*1.35
Washington, D.C. to Los	A	n	gel	es		٠	\$2.25

These are day rates, Station-to-Station, for the first three minutes. Add the 10% federal excise tax.

BELL TELEPHONE SYSTEM



Long Distance pays off!

Use it now...for all it's worth!



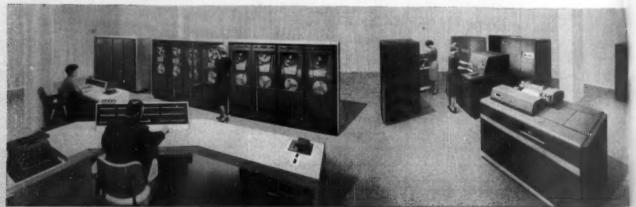
WHICH COMPUTER?

IT'S A DECISION WORTH MILLIONS...

several good computers to choose from

BUT 4 SIGNIFICANT FACTS STAND OUT

SEE CONTROL DATA'S Computing Center in action at the Minneapolis office.





FACT 1.

Control Data's advanced, large-scale 1604 Computers have been customer operated an average of 72.3 hours per week since acceptance. These computers have been operating with an uptime of 98.5%. Such outstanding performance records represent the total history of customer operation for all 1604 computers since their acceptance.

FACT 2.

Control Data builds and delivers the advanced, large-scale 1604 Computers in less than 10 months. All 1604 Computers have been installed at the sites and fully operating within only 5 days.

FACT 3.

Control Data's all-inclusive customer services are tailored to meet your needs. Programmer and Programming Assistance. Complete Programming Packages including Compilers, Automatic Routines, Service Library Routines, and Standard Input-Output Routines. Complete Computing Center for Customer Service and Program Debugging. System Planning Analysts. Application Analysts. Customer Training. Field Maintenance. Nationwide Sales Offices.

FACT 4.

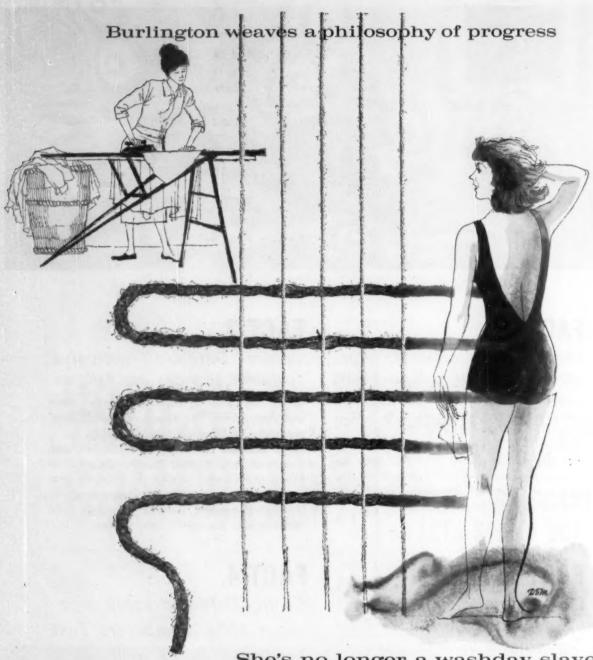
Control Data's advanced largescale 1604 Computers cost hundreds of thousands of dollars less than comparable computers.

FOR COMPLETE INFORMATION about Control Data's full line of completely transistorized computers, Phone FEderal 9-0411 . . . wire or write:

Mr. George S. Hanson, Director of Sales



CONTROL DATA CORPORATION
501 PARK AVENUE • MINNEAPOLIS 15, MINNESOTA



She's no longer a washday slave

Because of a revolution in fabric function that Burlington helped begin. Upholsteries you wipe clean with a sponge. Shirts and dresses that never need ironing. Draperies which wash and hang again within thirty minutes. Play clothes that shrug off soil. Hundreds more. From 27 natural and man-made fibers they come, they pay-off on a research investment more than doubling that of any other textile manufacturer. While bringing new freedom to the American woman, they've enhanced Burlington's strength. Since its name first appeared on the New York Stock Exchange in 1937, Burlington has never failed to make a profit or pay a dividend.

Woven into the SLife of America" INDUSTRIES, INC. Burlington

... the world's largest, most diversified manufacturer of textiles, with

64,000 employees in 127 plants located in 95 U.S. communities and 4 foreign countries. Executive offices: Greensboro, N.C.

BUSINESS OUTLOOK

BUSINESS WEEK JULY 2, 1960



Steel operations at the mid-point of 1960 are at the year's low.

Yet few observers (taking stock as is their habit at midyear) could see very distinct reason to expect the business curve to swing sharply, either up or down, over the rest of the year.

In fact, if anything, the heaviest shocks now are behind us.

If you were going by the stock market this week, you might have thought the sag in steel production came as a shock.

This hardly could have been so. Advance notice of many closings had been given and the shape of steel's curve was well known. There was no new evidence of recession in all this.

Actually, the news caught Wall Street struggling to retain gains scored on the May rally. Already tired, the market weakened easily.

Drastic lows for steel output now—this week's operations were below 55% and next week's may be lower still—probably simply mean a brisker and more substantial upturn a bit later.

You can't prove it now. New orders still are on the slim side.

But, after the traditional July vacations in the metal-working industry, improved demand certainly is to be expected.

Actually, it is pretty clear that recent steel operations haven't been supporting the current rate of consumption.

Production of durable goods in May and June apparently has been 3% to 4% higher than in the same 1957 months. Yet steel output has been averaging half a million tons a week below that 1957 period.

Steel users' inventories must be approaching minimum operating requirements by now, however high they may have been.

Steel is beginning to book early orders for the auto companies' new models (though deliveries on these orders won't be flowing at any substantial rate for some weeks).

In fact, production lines already have started to move on a couple of the brand new models to be offered in the 1961 model year Olds is reported turning out the first of its F-85 this week; Buick is said to be ready for its start on the new Special early in July.

Detroit's close-down for new models is beginning now, with Imperial the first. Other Chrysler divisions will be down by the end of July, but most of the volume producers of the other companies won't close for the change-over until about the middle of August.

The last few—Oldsmobile, Lincoln, Thunderbird, and Comet—are scheduling their shutdowns for late August or early September.

Auto plant closings can come earlier (and last longer) if dealers seem to be having trouble clearing out the 1960 cars.

But, in any event, the industry is set to have new models in dealers' hands by early October. And all reports on September-October production indicate that new records will be set.

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK JULY 2, 1960 That should be good news for steel (and for the general level of employment and payrolls) even though the emphasis on compact cars may mean less metal per unit of output (BW—Jun.25'60,p34).

Markets for nonferrous metals have been less concerned about demand at home than politics and labor, both at home and abroad.

Efforts by Britain and Germany to restrain their booms by high interest rates might, of course, diminish demand for imported metals. On the other hand, uncertainties of supplies from African producing areas have had the London market for copper extremely jumpy.

At midweek, copper slumped in London after a sharp rise.

London markets for lead and zinc were harassed, in their turn, by last minute pulling and hauling in Congress.

Efforts to ram through a tariff on imported lead and zinc, to supplant the quota system now in effect, were aimed at strengthening prices in this country. However, London quotations were barely steady on the prospect of more foreign output seeking a market in Europe.

Support for an autumn pickup in business may come from the construction industry, but there is little sure indication as yet.

More federal money will be available for highway contracts in the next few months, Washington has announced. But those awards won't mean much in the way of work-in-progress until next year.

And housing has simply stabilized well below its 1959 rate.

Housing starts so far this year have held at a seasonally adjusted annual rate of a little better than 1.3-million.

Similarly, the value of work put in place at building sites scarcely has picked up as much as might be expected as the season wore along—with the result that the adjusted curve is barely steady.

And, judged either by the dollar value of work done or by starts, the comparison with a year ago is not a happy one.

Builders and mortgage lenders alike have been insisting that there is little more mortgage money available and no downtrend in rates.

A greater supply of funds seems certain, however, under present money market conditions. And if it were not coming naturally, the Federal Home Loan Bank Board seems prepared to lend a hand by making advances available to savings and loan associations at lower interest.

Outside the housing field, easier money may also have beneficial effects on construction generally. This applies not only to industrial and commercial building, but also to state and municipal projects that have been held back by high coupons on local bond issues.

Meanwhile the trend of heavy contract awards, compiled by McGraw-Hill's Engineering News-Record, ran ahead of 1959 during June—continuing a trend that has been increasingly evident since March.

Contents copyrighted under the general copyright on the July 2, 1960, issue-Business Wook, 330 W. 42md St., New York, N. Y.



How Ameripol Rubber puts "English" on the ball

It takes a special rubber material to keep up with the table tennis trade. Those hundreds of tiny rubber nubbins on the paddle enable the player to put plenty of spin or "English" on the ball.

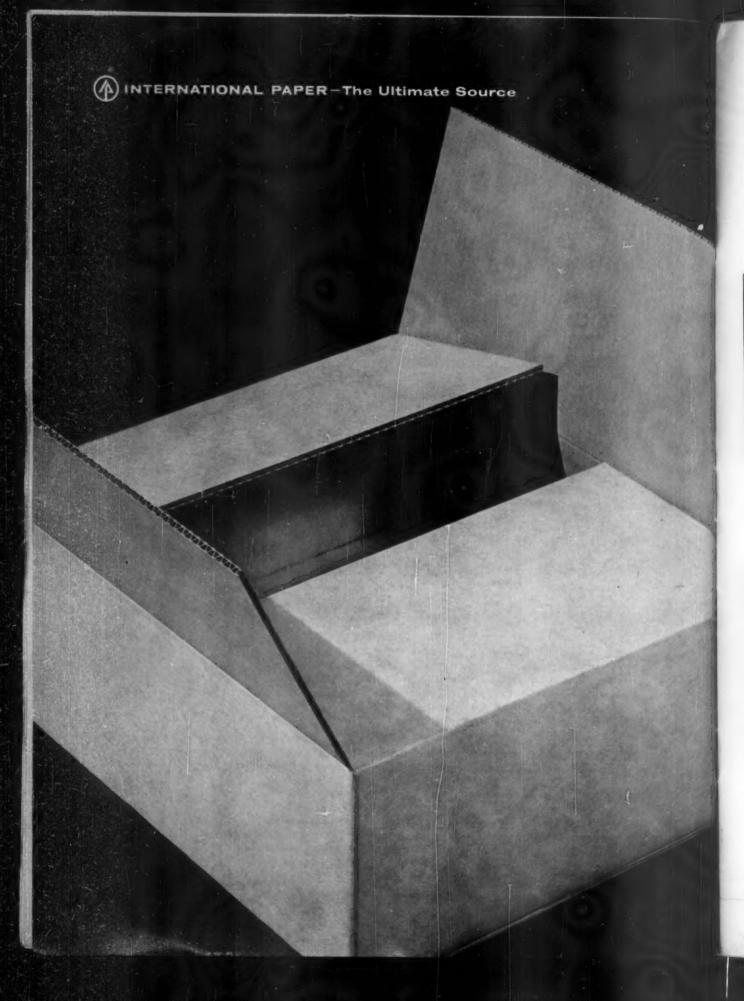
The manufacturer of this material, The Hodgman Rubber Company, turned to Ameripol Rubber to meet his unusual requirements. Since Ameripol 1013 is highly plastic in the processing stage, it proved to have ideal flow characteristics . . . thus a perfect molded pattern and strong bonding to the fabric backing was achieved. And with this light polymer, the material can be made in a variety of gay colors.

When you want to put something extra on the ball, check with Goodrich-Gulf. We produce the broadest range of rubber polymers in the industry, offer thorough technical service to match man-made rubber to your needs. For information contact Goodrich-Gulf Chemicals, Inc., 1717 East Ninth Street, Cleveland 14, Ohio.



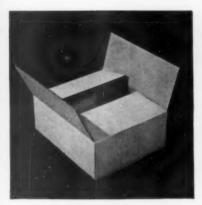


Goodrich-Gulf Chemicals, Inc.
THE ONE TO WATCH FOR NEW DEVELOPMENTS



The International Paper Guide to Packaging –1960

(From International Paper's 16 mills and research centers come these pace-setting packaging developments)



1. GOLDKRAFT* LINERBOARD. Amazing new corrugating liner with a second color built right in. Made of rugged Gator-Hide, kraft. New Goldkraft saves manufacturers the cost and time of an extra over-all color printing



2. IPX* BOARD. Now a truly outstanding printing surface and a fresh, light interior are combined in an economical packaging board. Made from fine bleached sulphate pulps and inexpensive groundwood pulps.



a. MULTIWALL BAGS. Hy-poly kraft set new standards in moisture protection. Extensive tests (90% relative humidity at 100° F. for two weeks) proved this. Hy-poly saves money over medium and low-density poly-coated bags.



4.INDUSTRIAL PAPERS. The latest addition to our complete line of strong papers is amazing *bleached* Gator-Hide Extensible Kraft. Provides builtin stretch for extra strength. Ideal for multiwall bags and many other uses.



5. PAPER BAGS. In 1960, International Paper offers a full range of paper bags. Grocery, bakery, shopping, and scores of specialty bags. All made of strong Gator-Hide—the world's most widely used kraft paper.



6. MILK CONTAINERS. Pure-Pak_{ss} containers are still another example of International Paper's ability to offer the widest range of packaging papers, boards and assistance in the industry. Call us for all your packaging needs.



INTERNATIONAL PAPER New York 17, N. Y. © 1960

Manufacturers of papers for magazines, books and newspapers • papers for home and office use • converting papers • papers and paperboards for packaging • shipping containers • folding cartons • milk containers • multiwall bags • grocery and specialty bags and sacks • pulps for industry • lumber, plywood and other building materials



The most mothered dolls are made of vinyl

Toy makers learned long ago how best to create a loving touch in dolls and toys. You'll find examples of the captivating detail created in Geon vinyl on toy counters everywhere. Geon gives a toy a tender touch and smoothness of texture no other material can match. The fond feeling created by Geon vinyl is shared by parents, too. It gives dolls and toys strength and durability—makes a venture into

toyland so much more worthwhile. The flexibility of Geon vinyl produces toys of many types so lovable, so play-able. • If you make toys—or any other product—where Geon can help make a more appealing, more usable, more salable product, you'll want to write for more information. B.F.Goodrich Chemical Company, Dept. GA-5, 3135 Euclid Ave., Cleveland 15. Ohio.



B.F.Goodrich Chemical Company

Soviets Stage Another Walkout

Departure of Communist delegations stops Geneva talks on disarmament—for which there has been little hope anyway since the collapse of the Paris meeting.

The West fears Khrushchev may also now torpedo the somewhat more promising negotiations on an agreement to ban further military nuclear tests.

However, it's possible he wants the discussions to continue as a means to keep the Chinese out of the nuclear club.

Hope dimmed this week for making any progress toward general disarmament in the foreseeable future. Soviet diplomat Valerian A. Zorin stolidly led the five Communist delegations out of the 10-nation disarmament conference in Geneva.

By this action, the Soviet Union returned the disarmament issue to the United Nations. There the glare of publicity will make any serious negotiations complex and perhaps impossible. As things stand now, it will be at least a year—and probably longer—before the new U.S. Administration is ready to try for agreement with the Soviets on even limited steps toward general disarmament.

• Impact on Test Ban—Western officials at midweek were less concerned over the collapse of the disarmament conference itself than over the implications of that collapse for a treaty banning military nuclear tests. Negotiations on a test ban have been continuing among the U.S., Britain, and the Soviet Union (BW–Jun.11'60,p36).

The abrupt Soviet withdrawal from the general disarmament conference raised fears in Washington that Khrushchev might be planning to torpedo the test ban talks as well. Semyon K. Tsarapkin, Soviet delegate to the talks, gave substance to the fears by accusing the West of stalling. He said this had created a "serious situation" about which Moscow would have to draw its own conclusions.

• Past Hopes—At least until the summit collapse, the test ban negotiations seemed to offer real hope of a breakthrough in arms control. The Soviet Union, the U.S., and Britain all have a

common interest in seeking to stop the spread of weapons to other nations.

A test ban wouldn't involve any actual disarmament. So it wouldn't upset the balance of power between East and West. U. S. and British officials, in addition, saw some hope that creating machinery to police a test ban might pave the way in time for more ambitious steps toward controlled disarmament. In 20 months of bargaining, the two sides have moved closer together on the terms of the proposed treaty.

• Chinese Pressure—At midweek, Washington thought Khrushchev had some strong reasons to avoid a complete breakdown of the talks. For one thing, his Chinese allies reportedly have been pressing him to supply nuclear weapons or the knowhow to make them. Apparently, he is reluctant to do this, particularly in view of the recent Chinese attacks on his coexistence policy. The test ban talks are Khrushchev's main pretext for refusing to admit Mao Tse-tung to the nuclear club.

Besides, Khrushchev almost certainly would not like the U.S. to resume testing. New tests would greatly help the U.S. develop smaller and more diversified nuclear weapons to counter Soviet superiority—in numbers at least—in conventional armaments. This has been the major argument of the Atomic Energy Commission and Defense Dept. against agreeing to the imposition of any kind of test ban.

• U.S. Initiative—The U.S. certainly would resume underground nuclear tests if the test ban talks were to break down. In fact, there is mounting pressure both within the Administration and in Congress for the U.S. to take the initiative

in breaking off the negotiations if they don't bear fruit soon.

Sen. Clinton P. Anderson (D-N. M.), chairman of the Joint Atomic Energy Committee, expressed concern this week that, by dragging on the talks endlessly, the Soviet Union was getting just what it wanted—a test ban with no controls. He added: "It might be a good idea to bring these test ban talks to an end one of these days."

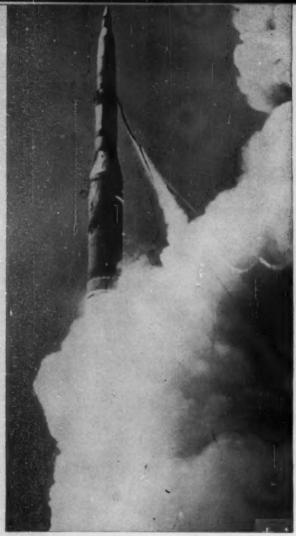
The State Dept., in response to this sort of pressure, intends to try to force the negotiations to a showdown within the next few weeks. But if Tsarapkin replies with stalling, the Administration will be reluctant to take the responsibility for ending the talks. Eisenhower is no more eager than Khrushchev to see the Chinese get atomic weapons. Nor would Eisenhower welcome pressure from Pres. de Gaulle for U. S. help in creating an independent nuclear deterrent in Europe. Such pressure probably would follow a breakdown in the test ban talks.

• More Pessimism—Hopes for the 10nation disarmament conference were always lower than for the test ban; the breakdown came as no surprise to the West. Almost at the outset, the negotiations bogged down in the old debate: disarmament measures vs. the means of controlling them.

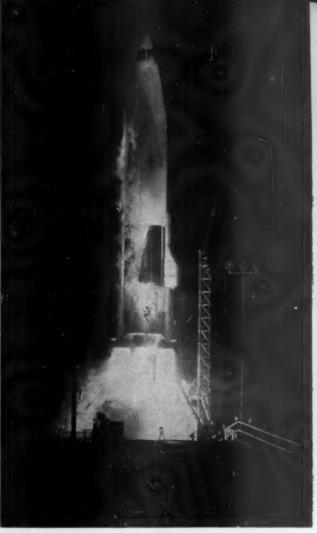
There was a faint hope that, after 15 years of deadlock, some progress might be made this time, in the atmosphere of relative East-West goodwill that prevailed as the talks began. This hope vanished when Khrushchev brusquely boycotted the summit conference in Paris.

The new Soviet disarmament proposals of June 2 made some superficial concessions to Western views. But they were still so sweeping as to be clearly designed for propaganda purposes. Likewise, this week's U.S. concessions were drafted more with an eye to world opinion than to being accepted.

Out of the breakdown, Western officials salvaged some satisfaction that Zorin broke off the negotiations without even waiting to hear the new U.S. proposals. They thought this callous behavior would go a long way toward neutralizing the strong propaganda appeal of the Soviet Union's sweeping plan for complete disarmament.



MINUTEMAN will be operational in 1962, a year ahead of schedule; it's solid-fueled, fired from mobile trains or underground.



ATLAS, only ICBM now operational, will number 123 by 1963; coming model will be stored underground, range 8,000 mi.

ICBM Speedup Brings U.S. Gain

There is a new air of optimism in Washington over the nation's missile capability. At a time when cold war diplomacy and personal summitry have failed, the U.S. military seems more confident than at any time in the recent past that its deterrent force to discourage a Soviet attack is ready, and able.

Congress this week is completing action on a \$41-billion spending program for the Pentagon. There is extra money for advanced bombers and submarines, for space and for research, and even for modernizing the Army's ability to cope with less-than-nuclear conflicts.

But the Democrats in Congress are not changing the direction that the military has pursued since the Soviet Union shocked the Free World with Sputnik I in October, 1957. Rather, the extra money will be channeled into areas that have been marked out through strain and test in the last several months.

Rugged schedules for manufacture and deployment of ballistic missiles are being met and even exceeded. Every day there are new examples of technical problems being overcome.

 Catching Up—As many experts gauge the situation now, the U.S. no longer lags behind the Soviet Union in the missile race.

The manned bomber, of course, is still the basis of our defense—the old short-range B-47s, the B-52s, and the carrier-based Navy jets.

Right now, the nation's operational ICBM force is not impressive. We have but three Atlas missiles on combat-alert launch pads at Vandenberg Air Force Base, Calif., to hurl at an enemy. But from here on out, the force will burgeon—starting this summer with nine more combat-ready Atlas missiles at

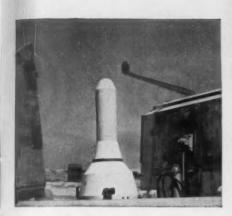
Francis E. Warren AFB, Wyo. Later this year there will be two and perhaps three submarines at sea with 16 Polaris missiles apiece.

By that time-which is as far as present production plans now shape up—the ICBM force will have grown to include at least 123 Atlas ICBMs, at least 90 Titans, and undisclosed numbers of Minuteman ICBMs. The Navy will have 192 Polaris missiles aboard 12 ocean-going subs.

Ahead of Schedule—The most impressive aspect of each ICBM is that each is coming along on or ahead of target dates established years ago.

The Polaris missile, for example, in becoming operational later this year, is almost three years ahead of the target date set in early 1957. The first Minuteman units will be operational in 1962, one year ahead of schedule.

· 1965 Arsenal-With this speedup, by





TITAN, shown emerging from underground site for ground level launching, has surmounted hurdles, is only year from operation; later models will be launched underground.



in Missile Race

five years from now ballistic missiles will represent 50% of the Strategic Air Command's nuclear striking force, now made up almost entirely of manned bombers. In the Navy, the missile will have assumed an even larger chunk of that service's strategic mission.

By 1965, the U.S. will have built up a diversified arsenal of missiles capable of spanning oceans with the nuclear equivalent of 1-million to 10-million tons of explosive power.

At least four different operational missiles—the Atlas, the Titan, the Polaris, and the Minuteman—will make up that awesome arsenal. The missiles are coming along in sequence—the later ones representing important technical advantages over today's operational wearons.

Some will be set up at fixed installations—their locations precisely known to an enemy who can zero in his own missiles on our bases. The others will be on mobile launching platforms ships at sea, rail cars, eventually airplanes—less vulnerable to a surprise enemy blow but handicapped by greater complications in guiding them to target.

I. Air Force Atlas

The first ICBM in that arsenal, the Air Force's Atlas, is the only one that could be used today. In addition to the three now on round-the-clock combat alert at Vandenberg AFB, and those to become operational this summer at Warren AFB, nine other bases to house some 100 Atlas missiles are planned: two in Nebraska, at Omaha and Lincoln; two in Kansas, at Topeka and Salina; one each at Spokane, Wash.; Roswell, N. M.; Abilene, Tex.; Altus, Okla., and Plattsburgh, N. Y.

• New Model-General Dynamics

Corp.'s Convair Div., prime production contractor on Atlas, is about to start producing the "E" model of the missile for some of these installations. The newer Atlas version will be set up in underground storage silos, elevated to the surface for launching.

That represents a big improvement over the earlier Atlas "D" being set up at the first group of bases. The "E" will have a longer range (8,000 miles vs. the earlier 7,000), carry a heavier payload (7 megatons vs. 4).

There has been some argument from technical people that the heavier payloads of multi-megaton warheads represent an uneconomic and unnecessary "over-kill" factor—more destructive power than is needed for a target. The argument for increased payloads, however, is they allow a greater margin of error, in view of the gaps in our knowledge of precise locations of Soviet targets. A 7-megaton warhead could be 10 miles off target and still cause tremendous destruction.

The later Atlas version has a socalled ablative-type nose cone, built by General Electric-lighter than the earlier nose cone, and capable of getting deeper into the atmosphere on reentry before slowing down. The fasterreentering warhead is more difficult for the enemy to detect, track, and destroy.

II. Air Force Titan

The successor to the Atlas, the Titan, is still in the development stage. But it is only about one year away from operational deployment. It, too, will be set up at fixed bases—at underground installations designed to withstand nuclear blasts.

Earlier in the year, Titan was bogged down by a serious crisis in testing (BW-Jan.9'60,p69). There was talk in Washington of canceling it.

The Martin Co. has since overhauled the project's administration, and Titan has moved phenomenally. Latest figures show 13 successes in 17 test firings. Plans are to begin test firings of operational models with military crews in October. The first site, at Lowry AFB, Denver, Colo., will be combat-ready the middle of next year, months ahead of schedule.

• Major Change—A few weeks back, Martin got a contract to begin detailed engineering on the Titan II, a major design changeover. Titan II will be coming in about the summer of 1962, just as the first Minuteman missiles are coming into operation. There have been some objections that this represents a duplication. But many argue that its advantages make it a worthwhile luxury to have just for the extra deterrent power.

Titan Il's most remarkable feature is

a propulsion system using storable liquid rocket fuel, which can remain in the rocket tanks the way ordinary gasoline is stored in an automobile. This means Titan II could be fired in seconds.

This week the Air Force awarded an \$81.6-million contract to American Machine & Foundry Co. to build Titan II underground launching sys-

tems.

• Bases—Five bases to house 60 Titan I missiles are now being built—at Marysville, Calif., Mountain Home, Idaho, Moses Lake, Wash., and Rapid City, S. D., in addition to Lowry AFB. Two 10-missile squadrons of Titan II will be set up at each of three bases—at Tucson, Ariz., Wichita, Kan., and Little Rock, Ark. Bases for two more Titan II squadrons will be picked.

III. Navy's Polaris

The Navy's Polaris has the advantage of mobility to evade the enemy; it is solid-fueled, thus is instantaneously ready for firing. Its disadvantages: shorter range and a smaller warhead than the Atlas and Titan.

The new Navy budget provides funds for 12 more Polaris subs—in addition to those to be operational this year and those scheduled to come off the ways every four months through 1962. That will make a total of 21, about

half the Navy's goal.

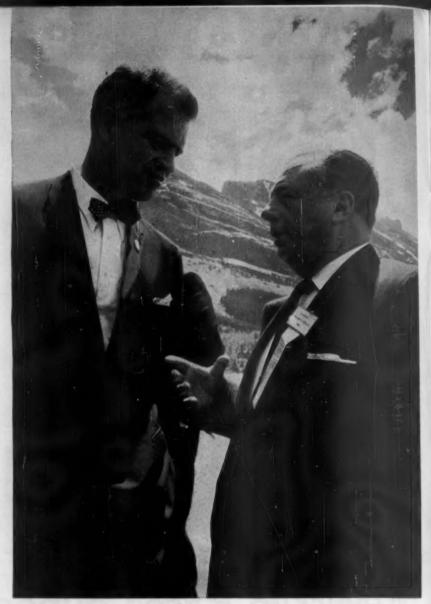
The Polaris program is significant for the development (by Aerojet-General Corp.) of a solid-propellant rocket with sufficient power and uniform enough fuel feed to produce a range of at least 1,000 miles. Later versions will be souped to fly at least 500 miles more.

IV. Air Force Minuteman

The fourth missile, the Minuteman, combines the best features of the other three—solid-fueled, with a warhead smaller but fired in salvo, with greater range and bigger payload than Polaris, and designed for either mobility (firing from railway cars) or underground firing from fixed sites.

Unlike the others, Minuteman has been running at a relatively relaxed pace. It is still under development; the first prototype is being readied for flight. But a Defense Dept. official explains that there's more technical certainty on this program—it has benefited from a great deal of cumulative knowhow from earlier projects, plus remarkable improvements in electronic data collection devices and telemetry equipment.

Minuteman will have a 5,500-mile range. Feasibility of launching from underground silos has been demonstrated in eight tests.



KENNEDY BOOSTERS G. Mennen Williams (left) of Michigan and Mike Di Salle of Ohio talk politics at the Governors' Conference at National Glacier Park in Montana. The conference is considered a sort of "dry run" of coming Presidential nominations.

Governors-Mostly

The happiest man at the 52nd annual Governors' Conference this week probably was not a governor at all, but an outsider named John Bailey of Connecticut, one of the chief stringpullers in the Presidential campaign of Sen. John F. Kennedy. Looking quite contented—and, indeed, with apparent good reason—Bailey summed up:

"Two years ago, at the Governors' Conference in Florida, people kept telling me I was crazy for getting out for Jack [Kennedy] so early. At last year's conference in Puerto Rico, they were saying 'you know very well Jack's only a candidate for Vice-President.'

"But this year—ah, it's another story. Now they're asking me how he can fail to get the Presidential nomination on the first ballot."

• Consensus—This capsule of conversation accurately reflects the tone of the 1960 Governors' Conference held against a backdrop of rugged mountains in Montana's Glacier National Park.

There were a few dissenting voices, but they seemed to be growing weaker, to the central proposition emanating from Glacier this week: Only a political accident of the first magnitude will prevent this year's Presidential campaign from being fought out between Demo-



JOHN BAILEY (right), Connecticut state Democratic chairman and a power in the Kennedy organization, has a breakfast confab with Robert Beckwith, Gov. Ribicoff's administrative aide.



GOVERNORS hold a general business conference on problems in education. The real emphasis this Presidential election year is almost exclusively on Presidential politics.



DEMOCRATIC Govs. Edmondson (center) of Oklahoma and Meyner (right) of New Jersey—a Kennedy holdout—buttonhole Gov. Hollings of South Carolina.



REPUBLICAN Govs. Del Sesto (open shirt) of Rhode Island and Handley of Indiana—both Nixon supporters—lay bets with Missouri's Democratic Gov. Blair (right).



GOP Gov. Rockefeller, a Nixon holdout, chats with Democratic Govs. Williams (left) of Michigan and Pat Brown (who is still uncommitted) of California.

Democrats, Mostly for Kennedy

cratic Kennedy of Massachusetts, and Vice-Pres. Richard M. Nixon, Republican of California.

I. Politics Rampant

The Governors' Conference—which in Presidential election years constitutes a sort of third Presidential nominating convention—plugged away with a minimum of enthusiasm at a formal agenda on some of the current major problems in education, medical care for the aged, highway financing, and so on. Facing a change of national administration in Washington six months from

now, with possible sweeping changes in the national course, the governors were content to concentrate heavily on partisan politicking for the near future.

Because Democrats control more than two-third of the state houses and because of the buildup in a several-sided Democratic Presidential race, most attention focused on the gubernatorial tubthumpers for Senate Majority Leader Lyndon B. Johnson (Gov. Price Daniel of Texas); Sen. Stuart Symington (Gov. James T. Blair, Jr., of Missouri); and a busy brigade for Kennedy (Govs. Mike Di Salle of Ohio, G. Mennen Williams of Michigan, Abe Ribicoff of Connecti-

cut, and Foster Furcolo of Massachusetts among the busiest).

• Holdouts—On the Republican side, Gov. Nelson A. Rockefeller of New York injected some new ginger into GOP preconvention doings.

Rockefeller made it clear from the moment he arrived that he intends to help shape the party platform to his liking—or hold back on support of the party ticket. He had no sooner arrived than Gov. Harold Handley of Indiana handed him a resolution he had drawn up, with Govs. Christopher Del Sesto of Rhode Island and J. Hugo Aronson of Montana, praising Nixon and en-



GOV. PRICE DANIEL, lobbying for Lyndon Johnson, huddles with Gov. Loveless of Iowa, who wants to be Vice-President.



GOV. FOSTER FURCOLO of Massachusetts inspects governors' voting machine, which gave Johnson 13 votes, Kennedy 11.



GOV. ROCKEFELLER, star of two previous conventions, antagonizes Republicans with criticism of Administration.

dorsing him as the nominee. Rockefeller read it, grinned, and handed it back—unsigned. He shortly let it be known that if the party platform isn't drawn up to reflect a good share of his views, he will not feel obliged to go all-out campaigning. Rockefeller wants the platform to accommodate his views on such issues as national defense, medical insurance for the aged, and economic growth which he has already stated explicitly and openly.

If the platform disagrees with Rocke-feller's stated views, says the New Yorker, "then I will have to face the problem realistically at the time." What he has in mind slipped out at a news conference when he was asked if he intends to support the party platform and ticket. "I have every intention..." he began, then corrected himself: "I have every expectation..." he added: "I hopo the differences (between himself and the Administration) will be nare rowed and that I will be able to support the party's nominee and platform wholeheartedly."

Rockefeller was one of two GOP governors who refused to sign the Nixon endorsement. The other was Paul A. Fannin of Arizona, pledged to ultraconservative Sen. Barry Goldwater as a favorite son.

Rockefeller tangled again with Handley on the issue of national security and foreign policy. In a detailed formal statement on this issue, Rockefeller made a lightly veiled attack on the Eisenhower Administration and renewed his demand for a \$3.5-billion increase in spending—\$3-billion for direct military strength, \$500-million for civil defense, asserting "we cannot expect our foreign policy to achieve objectives which our military policy leaves us no right to expect."

Handley seethed indignation, telling a formal assembly of the conference that he took exception to a Republican governor attacking a Republican national Administration. Rockefeller found no defenders among Republican governors, but Democrats moved in quickly to applaud the New Yorker's statement, further reinforcing Rockefeller's personal isolation in relation to his GOP colleagues.

II. Kennedy to the Fore

John Bailey, whose title as Connecticut's state Democratic chairman belies his importance in the Kennedy organization, was operating chief for the pro-Kennedy drumbeaters among the governors.

They worked hardest on a small but important handful of state executives who have endorsed no individual Presidential candidate and who apparently have the power to decide at what point Kennedy is to have the nomination or, conceivably, that he is not to have it after all.

• Hard Sells—Inside this coterie of the uncommitted, four got extra hard sells because they are nominal, favorite son candidates—that is, they will be nominated for the Presidency but intend to withdraw at some early point. They are Edmund G. (Pat) Brown of California, which has 81 delegate votes; Robert B. Meyner of New Jersey, 41 votes; Herschell Loveless of Iowa, 26 votes; and George Docking of Kansas, 21 votes.

In one remarkable sequence, Bailey and Ribicoff late one night worked on Meyner and Loveless publicly in the lobby of the Many Glacier Hotel, conference headquarters. There were several onlookers, but who said what to whom is not certain, although Meyner shook off the pair and stalked away in an apparent huff.

Loveless got the same kind of treatment a few minutes later and he, too, squirmed free, but only after listening patiently at some length. Loveless, who eagerly seeks the Vice-Presidential spot, is chairman of a national Democratic advisory group proposing that the 1960 platform advocate a return to rigid high farm price supports.

 Odds on Kennedy—If there was one big disappointment for the Kennedy forces, it probably was the failure to obtain public assurances that one or all of these four would turn to Kennedy at the Los Angeles convention after the favorite son amenities are disposed of and before the first ballot formally ends.

The Kennedy people claim they have majorities in the four delegations and will get them eventually, even in the unlikely event that Brown, Meyner, Docking, and Loveless continue to hold out in the convention.

The cases of Brown and Docking are somewhat different from those of Meyner and Loveless. Both Brown and Docking openly lean toward Kennedy, and Brown intimates strongly that he is convinced Kennedy will be nominated although he appears personally to prefer Adlai E. Stevenson.

 Vacant Chair—Notably absent from the conference was Pennsylvania's Gov. David Lawrence, one of the Democrats' old pros who will head an 81-vote delegation and who also still declines to state his Presidential choice. Like Brown, he has been viewed as a potential leader in any late-blooming Stevenson drive.

Lawrence pleaded the press of state business but probably a more compelling reason for his absence was to avoid extreme Kennedy pressure while looking for some way to block Kennedy without letting the nomination go to Johnson, the most conservative of the Democratic contenders and the strongest after Kennedy.

Only an Even Chance in Algeria

- Full peace talks are likely to follow preliminary contacts—but chance of peace seems no better than 50-50.
 - For de Gaulle, an Algerian solution is a must.
- But neither side shows signs of needed concessions
 neither can go too far without trouble in own camp. Obstacle may be rebel insistence on political talks.

Meeting in secret outside Paris this week, representatives of France and the Algerian rebels attempted to arrange the first peace talks between the enemy camps in nearly six years of vicious combat.

The talks recessed at midweek to allow rebel negotiators a chance to consult with their leaders in Tunis. If the preliminary sessions lead to truce negotiations, chances for peace appear about 50-50. The sides are miles apart on most issues.

• Challenge to de Gaulle—How to end the nationalist rebellion in Algeria, without tearing apart France in the process, is the greatest challenge Gen. de Gaulle has faced as president. For de Gaulle personally, a solution has become an absolute necessity. It's on the Algerian question that most Frenchmen, and the world in general, will judge the general and his Fifth Republic.

Two years ago, the postwar Fourth Republic broke its back on the issue. A hopelessly divided nation accepted de Gaulle's authoritative regime rather than face up to the threat of civil war.

Only last January, rumors that the general was considering further concessions to the Algerian Nationalist Movement (FLN) sparked a civil-military revolt—and another six months of war was the upshot.

 Key—The attitude of French Army leaders remains—as always—the key. As long as the Army remains loyal, no civil uprising can upset de Gaulle. Paris this week is wondering whether the long-awaited de Gaulle-Army showdown over Algeria is at hand.

Today, de Gaulle's push for a solution has already gone further than last January's abortive effort. Yet French military and civil extremists have kept in the background—very likely because they don't want to risk a new showdown as long as a French-FLN meeting stands such a good chance of coming a cropper on its own. And, certainly, trying to close the gap will require considerable ground-giving by de Gaulle and the top FLN leader, Ferhat Abbas.

• Wider Implications—On the outcome of possible de Gaulle-Abbas negotiations rides more than just French and FLN interests. Over the years France's Atlantic alliance partners have watched the French military effort shift almost completely away from NATO duties to Algerian guerrilla missions.

There's also the growing likelihood that the Algerian War-if not settled quickly-may soon evolve into a new focal point in East-West power plays.

Not that the Algerian War, if left aflame, will blow up into another Indo-China nightmare. The distance between Algeria and the Communist bloc should prevent this. But Moscow, since the summit failure, has dropped its earlier support of de Gaulle's Algerian policy, now is openly backing the FLN. And Peking, having promised considerable aid to a visiting FLN delegation, is said to be advising FLN leaders to deal toughly with de Gaulle.

• Drain on France—For France, winding up the Algerian War means considerably more than just writing finis to the last chapter of French colonial history. The effects of the conflict have seeped throughout the fabric of French political, social, and economic life.

De Gaulle, of course, understands this. Moreover, as long as the war grinds on, he will be frustrated in his ambition to convert France into a firstclass power.

De Gaulle's frustration is fairly obvious. Take his desire to build up a strong nuclear strike force independent of both Washington and NATO. To achieve this will take much of France's military budget. But almost three-quarters of the budget is soaked up by the more than \$1-million it takes daily to fight in Algeria.

Attempts to meet France's shortage of scientists and trained technicians are being hampered, too, by the lengthy military service—close to three years—required of draftees in Algeria.

Wherever you probe French activity, sooner or later you run into the Algerian impasse. In the autumn, for example, France may discover that many of its former African territories, just now acquiring their independence, will throw their weight against Paris when the Algerian issue again comes up for United Nations discussion.

Peace in Algeria would enable France to concentrate on more productive pursuits. Within the Common Market, France's position would stand to gain considerably from the direct economic benefits of a cease-fire, and from the psychological effects as well. "It would be like waking up from a bad dream," says one French official.

 Where Two Sides Stand-What, though, are the chances France will shake off this bad dream?

Preliminary talks with FLN representatives were described as "correct and difficult." They avoided actual bargaining on specific issues, stuck to working out details at a top-level meeting

ing.

If peace talks do get under way, they're likely to be long and difficult. There's no sign that either side is yet willing to make necessary concessions. Neither side, as much as it needs peace, can give in too much without unleashing trouble within its own camp.

Briefly, here's the way the two positions shape up:

Gen. de Gaulle says he is willing to negotiate only an "honorable cease-fire" with the FLN, not discuss Algeria's political future. This would be done only after a cease-fire. Furthermore de Gaulle wants to invite not only the FLN but other Algerian interests to take part in arranging Algeria's self-determination referendum.

This vote, promised by de Gaulle last September, would offer Algeria's 10-million inhabitants (of which 1-million are Europeans) three alternatives: outright independence, complete integration with France, or some sort of loose political tie with France.

FLN leaders, dropping their old demand for outright independence, already have agreed to the principle of a self-determination referendum. They also have agreed that other Algerian interests can take part in arranging for the vote.

Where the FLN draws the line is on de Gaulle's demand that the referendum be approached in two steps—ceasefire talks first, then political talks.

The FLN wants to know in advance of a cease-fire what role, if any, the Army will play in elections, whether de Gaulle's September threat of a partitioned Algeria—in case of complete independence—still stands, and whether France would insist on holding on to the Sahara oil fields.

Quite likely, de Gaulle is willing to meet the request to talk politics. If he does, however, he runs the risk of provoking a repeat performance of last January's civil-military revolt against Paris' Algerian policy.

What the Census Shows About

In the Decade 1950-1960, Here Is How the States Grew:

In Population

In Monthly per Capita Personal Income (seasonally adjusted)

				(seasonally adjusted)				
	APRIL 1950	APRIL 1960 (preliminary)	PERCENT CHANGE	APRIL 1950	APRIL 1960 (preliminary)	PERCENT CHANGE		
500000						15000000		
Florida	2,771,305	4,893,098	+76.6%	\$105.33	\$165.09	+56.7%		
Nevada		281,348	+75.8	154.92	253.42	+63.6		
Alaska	128,643	224,383	+74.4	188.12	275.42	+46.4		
Arizona	749,587	1,282,405	+71.1	101.39	175.61	+73.2		
California		15,537,413	+46.8	146.69	235.23	+60.4		
Delaware	318,085	443,158	+39.3	168.19	276.43	+64.4		
New Mexico	681,187	943,348	+ 38.5	90.28	142.90	+58.3		
Maryland	2,343,001	3,072,999	+31.2	127.57	202.60 199.73	+58.9		
Colorado Utah	1,325,089 688,862	1,735,807 886,485	+31.0	116.06 102.05	172.59	+69.1		
			(Particular Inches Inch			+58.6		
Connecticut	2,007,280	2,510,265	+25.1	151.55	240.77	+56.9		
New Jersey Hawaii	4,835,329	6,018,570 620,385	+24.5	141.83 111.65	222.51 206.32	+84.8		
Texas	7,711,194	9,493,895	+23.1	106.95	160.02	+49.6		
Michigan	6,371,766	7,793,294	+22.3	127.99	210.98	+64.8		
Ohio	7,946,627	9,636,234	+21.3	127.35	210.79	+65.5		
Louisiana	2,683,516	3,231,148	+ 20.4	87.16	140.29	+61.0		
Washington	2,378,963	2,824,069	+18.7	132.03	197.45	+49.5		
Indiana	3,934,224	4,636,800	+17.9	119.11	195.07	+63.8		
Virginia	3,318,680	3,898,778	+17.5	95.48	153.89	+61.2		
Oregon	1,521,341	1,756,366	+15.5	127.12	196.77	+54.8		
Illinois	8,712,176	9,981,617	+14.6	145.34	229.83	+58.1		
Wisconsin	3,434,575	3,925,854	+14.4	116.00	180.70	+55.8		
Minnesota	2,982,483	3,393,302	+13.8	111.79	179.18	+60.3		
Georgia	3,444,578	3,917,240	+13.7	80.18	140.89	+75.7		
Kansas	1,905,299	2,161,421	+13.4	109.59	173.17	+58.0		
Montana	591,024	668,022	+13.0	123.01	172.00	+39.8		
Idaho	588,637	663,606	+12.7	102.44	158.68	+54.9		
New Hampshire .	533,242	599,543	+12.4	105.39	171.30	+62.5		
Wyoming	290,529	326,578	+12.4	132.86	181.27	+36.4		
New York	14,830,192	16,596,507	+11.9	151.93	233.06	+53.4		
North Carolina	4,061,929	4,523,651	+11.4	78.51	135.58	+72.7		
South Carolina	2,117,027	2,358,251	+11.4	69.44	121.79	+75.4		
Massachusetts	4,690,514	5,119,511	+ 9.2	132.31	213.83	+61.6		
Missouri	3,954,653	4,307,186	+ 8.9	114.80	188.68	+64.4		
Tennessee		3,531,773	+ 7.3	79.13	143.54	+81.4		
Pennsylvania		11,217,708	+ 6.9	124.29	197.87	+59.2		
Rhode Island		845,019	+ 6.7	127.42	197.87	+55.3		
Alabama		3,244,386	+ 6.0	68.03	138.27	+103.2		
Maine		964,235	+ 5.5	96.63	151.73	+57.0		
Nebraska		1,398,875	+ 5.5	114.97	177.14	+54.1		
lowa	2,621,073	2,736,408	+ 4.4	115.75	176.98	+ 52.9		
South Dakota		676,738	+ 3.7	93.45	147.32	+57.6		
Oklahoma		2,300,513	+ 3.0	91.12	152.44	+67.3		
Vermont		387,081	+ 2.5	94.77	157.33	+66.0		
Kentucky	2,944,806	3,012,051	+ 2.3	77.19	131.77	+70.7		
North Dakota		626,976	+ 1.2	96.83	146.10	+50.9		
Mississippi		2,162,422	- 0.8	56.45	98.49	+74.5		
D.C	802,178	746,958	- 6.9	181.13	265.88	+46.8		
West Virginia	1,909,511 2,005,552	1,772,428 1,847,082	- 7.2 - 7.9	62.16 85.61	115.21	+ 85.3		
Ton triginia	1,000,001	1,047,002	Barbara Barbara	63.61	146.01	+70.6		
Nation1	51,325,798	179,500,000*	+18.6%	\$118.17	\$189.43	+60,2%		

^{*}State totals do not add to national estimate because people counted away from their usual place of residence have yet to be allocated among the states.

Data: Bureau of the Census, BUSINESS WEEK Measure of Personal Income.

Causiness Were

Trends in Income, City Growth

Since the Census Bureau army of 150,000 enumerators rapped on doors in April, the machines at the bureau's headquarters in suburban Washington have been spewing thousands of figures that take the measure of America in 1960. Millions more will be forthcoming in the next two years.

Sufficient preliminary population totals are out now to reinforce assumptions about the country's condition:

Thriving in the West, Florida, and parts of the Northeast and Midwest.

Softening in some Northeastern industrial states and parts of the rural South.

Turning emphatically suburban in dynamic areas where major cities themselves have no room to grow.

With the help of BUSINESS WEEK'S Measure of Personal Income, it also now is possible to estimate the per capita income in all the states in the month the census was taken—and to compare it with the last one (table). This show, unsurprisingly, that the largest gains have been racked up by Southern states where population has been relatively stable—if not declining.

• Numbers Game—Of 19 states that grew in population faster than the U.S. rate, Florida led with a 76.6% rise. This performance becomes even more impressive when the smaller base of the next three states—Nevada, Alaska, and Arizona—is taken into consideration. And it shows that Florida could get up an even bigger head of steam than it managed to in the 1940s, when its 46% growth was topped only by that of Alaska, California, and Arizona.

In numbers, Florida's gain was not quite half that of California. Fo come within 1-million of first-place New York, California gained 46.8%—quite respectable when you consider the larger base and the 53% growth of the previous 10-year period.

At the other extreme, three states—West Virginia, Arkansas, and Mississippi—actually lost population. For Arkansas and Mississippi, it was the second successive decade of losses.

• Seats in Congress—As a result of these shifts, California is likely to gain eight seats in the House of Representatives. The Census Bureau will not make a final determination until October, but safe guesses now are that Florida will gain four and New Jersey, Arizona, Hawaii, Michigan, Texas, and possibly Ohio and Marvland, one each.

To provide those seats and to bring the House back to 435 from the 437 to which it was enlarged in accommodating Alaska and Hawaii, New York and Pennsylvania will each have to surrender two or perhaps three seats. Massachusetts will yield one or two; Arkansas, two, and Alabama, Iowa, Kansas, Maine, Minnesota, Mississippi, North Carolina, West Virginia, Illinois, Nebraska, and Kentucky, one apiece.

• Income Shifts—The new population totals and BUSINESS WEEK'S income estimates show how the nation's wealth was redistributed in the booming 1950s.

Of the 12 states where per capita income grew 70% or more, nine—led by Alabama—are Southern or border states where population has been declining or growing only slightly but where new opportunities for off-farm jobs have strengthened income. But they still fall far short of the national average.

The other three states—Hawaii, Arizona, and Colorado—have been able to post sizable per capita income gains despite rapid population growth.

• City Rankings—Among the top 50 cities, there has been even more reshuffling than among the 50 states. Houston has cracked the top 10, soaring from 14th to 6th place. Dallas jumped from 22nd to 14th, San Antonio from 25th to 17th, San Diego from 31st to 19th, Memphis from 26th to 21st, Atlanta from 33rd to 24th, and Phoenix climbed all the way from 99th to 29th.

Los Angeles and Houston led the list in the number of people gained. But Phoenix, which added the third-largest total, rose at an incredible 303% rate.

Los Angeles was able to pack its additional 477,660 people into its corporate limits without adding more than a couple of square miles to its area; Phoenix and Houston had to annex a lot of unincorporated land to accommodate their growth. (Only last month, Houston climaxed a flurry of annexations in its area when its City Council-not satisfied with almost having the largest city in the U.S. in area-made a bid to become the largest city in the world by passing on first reading a proposal to annex more than 1,000 sq. mi. To its chagrin, however, it learned that even this Texas gesture wouldn't win the title; the Swedish city of Kiruna, north of the Arctic Circle, covers more than 5,000 sq. mi.)

• Losing People—For the first time in U.S. history, a large number of great cities—19 among the top 50—lost population. New York and Detroit lost the largest number, while Boston, St. Louis, and Pittsburgh lost at a faster rate.

Such losses, however, can no longer be viewed as signs that the economies of these cities are decaying (BW-Jun. 18'60,p64). As cities increasingly become places to work and decline as places to live, those ringed by suburbs will find their suburbs booming.

The Top 50 Cities

1960	CITY	1960	IN PERCENT
1 2 3 4 5	New York Chicago Los Angeles Philadelphia . Detroit	7,660,000 3,516,258 2,448,018	- 2.9 - 2.9 24.2 - 5.4 - 9.6
6 7 8 9 10	Houston Baltimore Cleveland Wash., D.C St. Louis	932,680 921,363 869,867 746,958 740,424	56.4 - 3.0 - 4.9 - 6.9 - 13.6
11 12 13 14 15	Milwaukee San Francisco Boston Dallas New Orleans .		15.3 - 7.7 - 15.4 34.7 0.9
16 17 18 19 20	Pittsburgh San Antonio . Seattle San Diege Buffalo	550,525 547,294	-11.2 43.1 17.7 63.7 - 8.9
21 22 23 24 25	Memphis Denver Cincinnati Atlanta Minneapolis	489,217 487,462 485,425	24.2 17.7 - 3.3 46.5 - 7.8
26 27 28 29 30	Indianapolis . Kansas City . Columbus, O Phoenix Newark	468,325 465,151 430,459	10.1 2.6 23.7 303.0 - 9.7
31 32 33 34 35	Portland, Ore Oakland Fort Worth Birmingham	. 361,082 . 353,388	4.5 - 0.9 - 6.1 26.8 3.8
36 37 38 39 40	L. Beach, Cal Okla.City Rochester,N.Y Toledo St. Paul	317,542 316,074 315,643	29.2 30.4 - 4.9 4.0 0.6
41 42 43 44 45	Omaha Honolulu Akron Miami Norfolk	. 289,864 . 287,592 . 282,600	19.7 16.9 4.7 13.4 27.8
46 47 48 49 50	Tampa Jersey City . Tulsa Dayton	. 272,239 . 270,610 . 269,621 . 258,563 . 258,196	

All figures are preliminary.

. Data: Bureau of the Census.

In this light, many of the giants don't come off too badly. Suburban growth outside Washington, Minneapolis-St. Paul, Detroit, Cleveland, Baltimore, and San Francisco-Oakland was enough to permit those metropolitan areas to grow by 20% or more. Outside Pittsburgh and Boston, suburbs grew so slowly that their metropolitan areas gained less than 10%. The Jersey City area was the only one that lost both in city and in suburbs.

Banks in No Hurry to Cut Rates

Usually, the nation's big commercial banks are quick to follow any lead on monetary policy that the Federal Reserve gives them. But there are times when the banks look studiedly in the opposite direction when the Fed gives them their cue. This seems to be one of those times.

Despite the Federal Reserve's move away from tight money (BW-Jun.11 '60,p25), borrowers this week are finding bankers as tough as ever when it comes to making loans. In fact, many bankers say publicly that they feel no change in the prime rate, now at 5%, is

· Slow to Come Down-Traditionally, there's a fairly close relationship between the Fed's discount rate-which is the rate charged the nation's commercial banks on their borrowings from the regional Fed banks-and the prime rate, which is the rate the banks charge the biggest and best corporate names among their customers. As the chart shows, the prime rate tends to lead the discount rate a bit on the way up and lags on the way down.

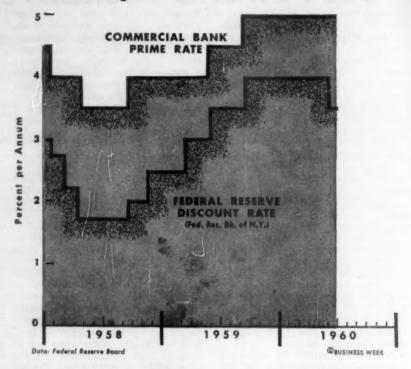
This time, the lag on the downturn is longer than usual. The banks are in no mood to follow the Fed's lead. They argue that loan demand is still strong, that with deposits failing to show any real growth, they are not in a position to lower their rates and thus stimulate

additional borrowing.
New York's First National City Bank points out that the loan-to-deposit ratio for all commercial banks is now at 55%, the highest level in 26 years. Many banks, particularly in money market centers, have ratios well over 65%. National City says that these ratios are "about as high as seems practicable," and it adds that "banks have no need to cut rates to invite in more loans."

· Under Pressure-Nevertheless, the banks are under pressure to lower their rates. Today, big corporations needing funds can go to the money market, where commercial paper rates are well below the prime rate. Even in the longterm capital market, corporate borrowers find funds available at rates below bank charges. So, though the banks are still holding out, one observer admitted this week that the prime rate was "shaky."

The fact is that the effective rates for bank borrowings range well above 5% even for the best risks. For the banks are requiring customers to leave on deposit up to 20% of any loan. And they are charging their customers for the privilege of enjoying a credit line even when it is not in use.

This means that the effective rate for prime-risk borrowers is over 6%. Since



rates are scaled upward from the prime, many businesses are paying an effective cost of 7% to 8% for bank credit.

• Switching From Banks-This is why corporate borrowers are flocking to the commercial paper market, where funds are available at rates ranging from 21% for 30- to 60-day paper to 31% for 180to 270-day notes. Commercial paper outstanding is now at a record level of \$4.5-billion, compared with \$3.4-billion a year ago.

On one hand, corporations that need money are switching from the banks to the market to borrow funds; on the other, corporations with temporary surpluses of cash are taking money out of the banks to put into the commercial paper market. Both gain, for the borrowers are getting much cheaper rates, while the lenders are earning money on

their loans.

The banks are the losers in this switch. They are not particularly concerned by the fact that corporate borrowers have a number of different choices open to them. But they are disturbed because the move into other markets is costing them deposits, both from potential borrowers and from corporations with excess cash.

· Reading the Signs-According to First National City, the reduction in the need to borrow funds from the Federal Reserve is not a sign that banks are in a better position to lend. On the contrary, the banks say that this reduction has been largely due to the contraction in bank demand deposits, which led them to sell investments and to tighten up on loans.

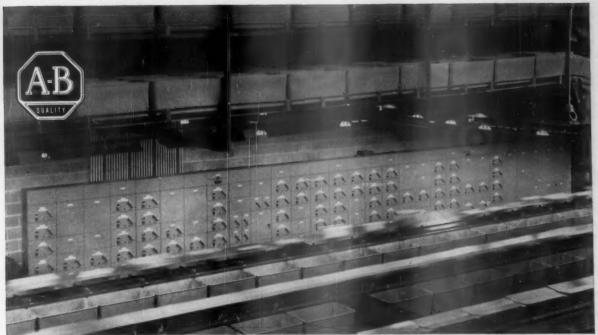
Many corporations are now sophisticated in handling their cash. They are investing in Treasury bills and other short-term paper, scheduling their maturities to their own cash needs. This has helped the Treasury, but it has meant that the banks are no longer getting demand deposits.

Apart from the drop in corporate demand deposits, there has been a steady deterioration in foreign time deposits. Foreign central banks and other foreign accounts have switched out of their time deposits-where interest is limited to 3%-into higher-yielding open market

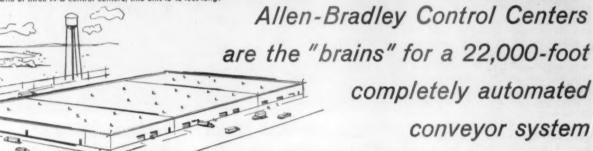
investments.

Now, with the Treasury 90-day bill rate under 2½%, and other money market rates around 3%, there may be a return flow of time money into the New York banks. Some New York bankers say that they see signs that this money is returning. But it is not likely to amount to a big increase-partly because U.S. banks with foreign branches can already offer foreign depositors rates above the 3% ceiling, partly because of the hike in the British bank rate last week from 5% to 6%.

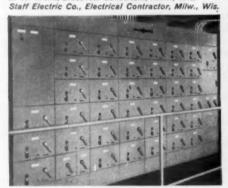
Some bankers say Britain's rate increase will keep the Fed from making any further moves toward ease, unless the economy is clearly headed for a



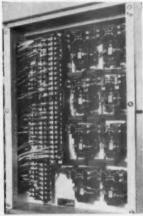
One of three A-B control centers, this unit is 48 feet long.



New 13-acre General Merchandise Company warehouse at Wauwatosa, Wisconsin. Miller & Waltz A.I.A., Milw., Wis. E. W. Wilke, Electrical Consultant, Milw., Wis.



This Allen-Bradley multi-unit center controls all of the conveyor motors in the shipping room. A third control center (not shown) houses 84 additional A-B solenoid starters.



Among the other A-B controls in this system are 147 control relays, 63 time delay relays, and 75 limit switches, plus other miscellaneous A-B controls. In the new General Merchandise mail order warehouse, a 22,000-foot, fully automated conveyor system sorts and assembles 100,000 pieces of merchandise a day—with a 90% reduction in handling costs! Because uninterrupted operation is so important to the success of this complex system, it was a natural for Allen-Bradley—the quality control.

Allen-Bradley motor controls are completely dependable because they have the simplest operating mechanism yet devised—there is only ONE moving part. This solenoid design assures millions of trouble free operations. Double break, silver alloy contacts—standard on all A-B controls—are always in perfect operating condition without service attention. In addition, all Allen-Bradley starters have reliable and permanently accurate overload relays to protect against motor burnouts.

To insure the success of your automatic equipment, insist on Allen-Bradley—the most dependable motor control you can buy.

ALLEN-BRADLEY | Quality Motor Control

Allen-Bradley Co., 1202 S. Third St., Milwaukee 4, Wis. • In Canada: Allen-Bradley Canada Ltd., Galt, Ont.



RUN FROM THE BANK. Messengers rush from Bank of England to spread news of last week's boost in the bank rate from 5% to 6%, a move that tightened credit in Britain.

recession. And they feel that if the Fed does not move to provide increased reserves, the banks won't be able to come down with their own lending rates.

• Bankers' View-This week, the case for the bankers was buttressed by their trade association, the American Bankers' Assn., which reported that there would be an "upward trend" in loans over the balance of the year. The ABA said its members predict "continued firmness" for all categories of loans, so that, with comparatively little change in domestic and time deposits, there's little reason to expect a decline in lending rates.

Despite this brave and solid front, the banks may cut their rates before too long. For one thing, the prime rate, while well established, is hardly sacrosanct. It is quite possible that a bank seeking to take a big and important customer from a competitor will drop its rate as a lure. If that happens, the dam will be broken, and other banks

will follow.

Most bankers, though, feel that "anarchy" could result if one bank decides to cut the prime rate purely as a means of gaining a much-wanted customer. As one banker puts it: "We compete in other ways these days. The rate isn't the most important thing."

• More Prime Ratings—There's a good chance that bankers will upgrade some of their clients to prime ranks before they cut the rate. This would be a reversal of the downgrading process that banks have been following since the advent of tight money. But, with no real chance of a big upturn in deposits, this upgrading would mean that other borrowers would find it still harder to get money.

This appears to be happening now. Bankers say they are being much more selective in making loans, much more careful about the kind of loans they make. For example, some banks that made a good many intermediate and long-term loans to real estate operators

and other speculative risks are now cutting back on this sort of lending.

Alfred Hayes, president of the New York Fed, recently warned banks against making loans of the type that used to be placed exclusively in the capital market. Apparently, bankers are taking the hint, although there are many banks, particularly in some of the country's fast-growing areas, that have made "non-banker" risk loans, and are continuing to do so.

• Reserve Requirements—The banks admit that they would move their rates down if the Fed dropped reserve requirements. Even a cut in the differential between the central reserve cities of New York and Chicago and other reserve cities would bring a drop. This differential is due to be abolished by 1962 under a Congressional mandate, but banks would like Fed action now.

It is doubtful that the Fed will make this move immediately. Although its officials say they don't think the big spread in rates between London and New York will lead to any big outflow of gold, they are not prepared to encourage the kind of ease that would make for renewed pressure on the dollar. They are likely to mark time over the next few months, not taking further easing steps unless the economy itself shows a sag. They are worried about the lack of growth in the money supply, but they point out that there is no danger of any credit shortage because of the big amount of funds available in the money market.

The banks, of course, would move if the demand for loans eased. And the chances are that they will lower their lending rates if the pressure from the money market continues. But they are taking their time in acting. This means that borrowers who command high credit rating may be able to find money more available and cheaper in the next few weeks. But those whose credit ratings are at all cloudy may find it even tougher than in the past.

Quebec Upset

Political upheaval will mean tougher attitude toward U.S. investors, if winners carry out their campaign pledges.

U.S. companies that operate in the Province of Quebec may soon find a chill wind blowing their way, now that the Liberal Party is taking over the

provincial government.

After 16 years of ironclad rule under the late Premier Maurice Duplessis, the National Union party was upset last week when Quebec voters put 50 Liberals in the House, compared with 44 NU members and one independent. Duplessis had died last Labor Day and his successor, Paul Sauve, in January. Their heir, Antonio Barrette, was never quite able to fill their shoes.

The premier-elect, 48-year-old Jean Lesage, ran on a platform of reversing the Duplessis government concessions to U.S. industries that have, he said, been bleeding the province. In May he promised that one of the Liberals' first acts would be to set up a new provincial department of natural resources, to end misuse of the province's assets and to stop "the regime of closed company towns, with their possible exploitation of labor and violation of certain fundamental rights."

Aimed at Duplessis—Campaign criticism of U. S. development of the province was aimed more at the Duplessis regime than at the industries that took advantage of his liberality. Mining, particularly iron ore, and pulp and paper are the industries most often mentioned in the criticism.

Liberals charged that:

 The Duplessis government had given unreasonable tax exemptions to foreign investors, with no control to keep the bulk of profits from pouring across the border to the U.S.

 Crown lands had been leased at ridiculously low figures for mining and pulp and paper development.

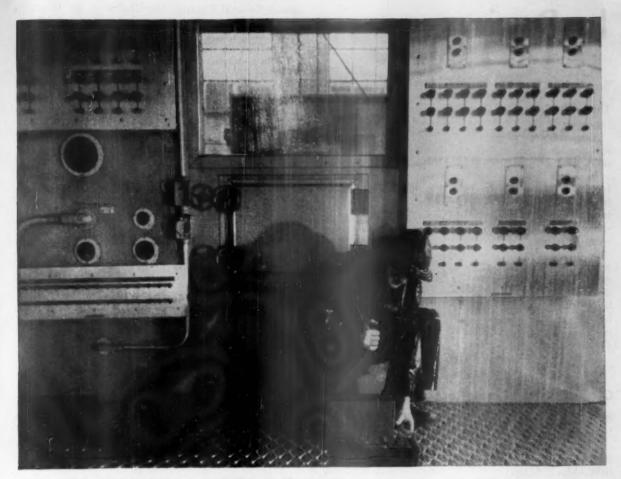
• Little of the raw material, such as iron ore, is being processed in the

Province of Quebec

They also said that the Duplessis regime would never dare reveal the extent to which U.S. capital controls the Quebec economy. In Canada as a whole, about \$13-billion of U.S. investment has been made in the last year or two, but no figures have ever been released on how much went to Quebec.

Duplessis had always defended his concessions to U.S. interests with the contention that Canada was short of risk capital and that encouragement to U.S. investors would pay off in the long

run.



In test chambers of the U.S. Army...

Nickel meets the torture of man-made weather

Sometimes it's as steaming as the Malayan jungle...sometimes as hot as the Sahara...and then an arctic storm blows in. Nowhere in the world does Nature brew up such changeable weather as men do in Philadelphia.

Here in weather chambers of the U.S. Army, military equipment undergoes weather conditions that make Mother Nature seem like a gentle old soul by comparison.

If you think this is tough on the equipment, how about the chambers themselves. The equipment is in and out, but the chamber has to take it for test after test. That's why the designers line them with a Nickel Stainless Steel-Type 18-8. Nickel Stainless Steel can take it. It's corrosion resisting in the wettest atmosphere. It withstands sub-zero temperatures. The shocks of seesawing "weather" conditions harm it not at all.

Still another Nickel alloy-a nickel-chromium type - lines heat test units where temperatures get up over 1200°F. Another nickelchromium alloy is used for the glowing heating elements.

Make your own forecast of what a metal must face - Nickel and its alloys can help you meet the challenge. Is it ability to meet stress, fatigue, heat or cold, corrosive atmospheres or a combination of these? We may be able to help you find the answer in Nickel. Just write.



Weather chambers like this one designed by Tenney Engineering, Inc., Union, N. J., are lined with Nickel Stainless Steel. Notable installations include those at the U.S. Army's Frankford Arsenal, and Sperry Gyroscope Company, Long Island, N. Y.

The International Nickel Company, Inc. INCO 67 Wall Street · New York 5, N. Y.



INCO NICKEI NICKEL MAKES ALLOYS PERFORM BETTER LONGER

In Business

Supreme Court Frowns on Tax Break Through Sales of Used Equipment

Taxpayers who get a break by selling used capital equipment for more than the depreciated value set for tax purposes got bad news from the Supreme Court this week.

In a case involving car rental companies, the court ruled that deductions for annual depreciation must be based on the expected useful life of the equipment to the taxpayer, and not on its entire useful life. And salvage value is what the taxpayer can normally expect to get when he sells an item.

Normally, car rental companies sell their cars after about 18 months; they have been applying the capital gains rate to the difference between the sale price and depreciated value figured under an interpretation of the law. In one example, a car that can be sold for \$1,800 has a depreciated value set at \$1,500. From now on, the seller will have to pay income tax rates, instead of capital gains, on the \$300 difference.

Capital Airlines Seeks to Lengthen Its Routes and Due Dates on Its Debt

Capital Airlines made two more turns this week to escape the fiscal turbulence in which it has been flying (BW-May28'60,p61):

It obtained permission from Vickers-Armstrongs Ltd., to make July 1 interest payments on \$38-million

of notes that are in default.

· It asked the Civil Aeronautics Board to allow it to cut its short-haul routes, which it says are choking it to death.

Capital has until July 11 to answer Vickers' foreclosure suit. Thomas D. Neelands, Jr., new chairman of the airline, hopes the British will agree to a substantial stretchout of payments when Capital sets up "a whole

new plan for the airline's rehabilitation."

Antitrusters Get More Indictments In Electrical Equipment Field

Makers of turbine generators, condensers, and low voltage distribution equipment were named in civil and criminal indictments in the antitrusters' latest foray against the electrical equipment industry. The shower of charges raised to 18 the total brought by four federal grand juries that have been probing the industry in

In all, the new indictments alleged that 12 companies and eight of their officers conspired to fix prices and

rig bids.

In the turbine generator case, involving average annual sales of \$400-million, the trustbusters leveled charges

against General Electric, Allis-Chalmers, and Westinghouse. They named as co-conspirators—but not defendants-Elliott Co., a division of Carrier Corp., Worthington, and De Laval Steam Turbine.

In the condenser indictment, the defendants are Allis-Chalmers, Westinghouse, Foster Wheeler, Carrier, Worthington, Ingersoll-Rand, and C. H. Wheeler Mfg. The last five are the only companies in the current batch that have not been named at least once in earlier indictments. Condenser sales at issue were said to amount to about \$32-million a year.

In the low voltage distribution equipment case, six companies were named: Westinghouse, GE, I-T-E, Square D, Cutler-Hammer, and Federal Pacific Electric.

The case involves \$200-million a year in sales.

Violation of the antimerger law is charged in a civil suit brought in Portland, Me., by the Justice Dept. against Chicago's Maremont Automotive Products, Inc. The antitrusters say that Maremont bought a controlling interest in Saco-Lowell Shops, in an effort to eliminate a price-cutting competitor in the making and sale of exhaust systems for the replacement trade. Maremont says the charges have no foundation.

What may be the first of a series of price-fixing suits against pharmacists was brought this week in Arizona. The complaint charges that the Arizona Pharmaceutical Assn. and two local units in Maricopa County (Phoenix) and Tucson combined to set "arbitrary" prices on prescription drugs, and sought to persuade other druggists to follow their price schedules.

Business Briefs

State governments got an unexpected pre-election present this week when Commerce Secy. Frederick H. Mueller told them they could put some \$1.4-billion of federal aid to highway construction under contract between July 1 and Sept. 30. This is about half the allowance for the whole fiscal year; for the past 20 months, states have been held to quarterly allowances.

The increasingly smoke-filled feminine branch of the population gave a big boost to the estimated 4% jump in cigarette smoking in the 12 months ended June 30, the Agriculture Dept. reports. Cigarette production for the period was estimated at 500-billion; a further increase is expected next year.

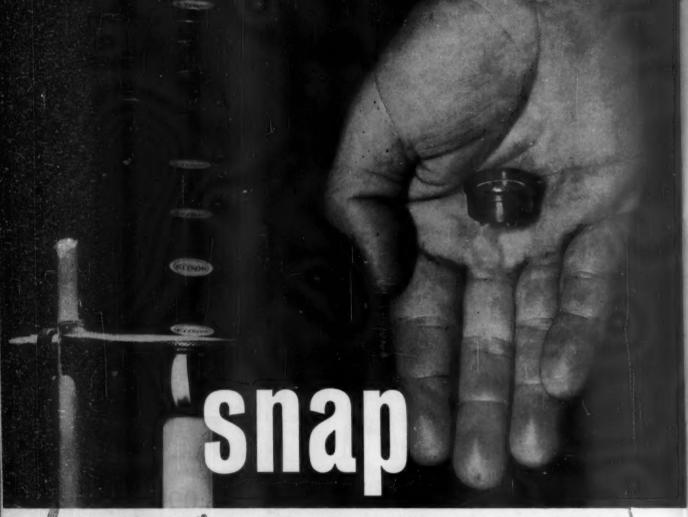
Beneficial Finance Co.-the No. 2 consumer loan outfit -this week acquired solid working control (47%) of Western Auto Supply Co. The stock was bought from Gamble-Skogmo, Inc., which had been having trouble with the antitrusters since it bought the block of shares in 1958. The price was about \$50-million, more than double the price paid by Gamble-Skogmo.

The Atomic Energy Commission has O.K.'d a joint proposal by Los Angeles and Pasadena to operate a 50,000-kw. advanced-type boiling water reactor. The municipalities will provide a site and conventional turbo-generating equipment; AEC will supply and own the nuclear setup. Both cities have municipal power

NEW STATIC 60 OZAWATIC 60

Direct Copy Machine handles up to 1,000 copies an hour... at less than a penny a copy

Now! There's a Direct Copy Machine that turns out more work with increased quality—the new Ozamatic® 60! Zips along at a brisk 40 feet per minute—turning out perfect copies every time, even with inexperienced operators. For example: the new Ozamatic 60 handles originals up to 15 inches wide, and automatically separates each original into a specially engineered receiving tray, while directing copies into the developer. It's a feature found only on far more expensive models! The 1200-watt quartz lamp gives perfect uniformity of exposures. And—you can even copy photographic films without the slightest chance of damage! These are just a few of the literally hundreds of copying benefits you can get from the new Ozamatic 60. Demonstration? Contact your local Ozalid representative, or write for descriptive brochure to: Ozalid, Johnson City, New York. A Division of General Aniline & Film Corp.



. . and KLIXON saves 200 million electric motors from damage!

At home and at work, all of us benefit constantly from electric motor "muscles" in appliances and apparatus ranging from refrigerators to space vehicles

But, for a variety of reasons, we often overload and misuse these muscles, strain them past their design limits. They "burn out," causing the user inconvenience and expense, damage to other property, even danger of loss of life. The manufacturer suffers repair and replacement costs and damage to the reputation of his product and company.

At a time when smaller motor packages are being called upon to carry increased loads, you can

guard against these dangers by specifying an inexpensive Texas Instruments "brain" that will detect this muscle fatigue — overheating — and temporarily interrupt the motor's electrical circuit. Only KLIXON® motor protectors give total protection against all six causes of motor

damage resulting from overheating.

Heart of the KLIXON, over 200 million of which are in use in quality products, is a small, simple bimetallic disc (see caption). This disc and its application is a prime



Activating element of KLIXON is the Spencer disc, in which two dissimilar metals are bonded together and formed into a concave dish. As heat is applied, one side expands more than the other. This force, plus the dish shape, causes the disc to snap into a convex shape in 16/100,000th of a second, instantly breaking the circuit into which it has been built. When cooled, it snaps back to original position.

example of TI's Metals & Controls division's experience in metals and their uses, which benefits customers of all TI endeavors - semiconductors and components, military and commercial electronic systems, geosciences and instrumentation, and nuclear products.

TEXAS



INSTRUMENTS INCORPORATED

HEADQUARTERS: 13500 N. CENTRAL EXPRESSWAY, DALLAS 21, TEXAS PLANTS: ATTLEBORO, MASS. • DALLAS, TEXAS HOUSTON, TEXAS • VERSAILLES, KY. • ELIZABETH SOUTH, AUSTRALIA • ALMELO, HOLLAND • AVERSA, ITALY BEDFORD, ENGLAND • BONNEVILLE, FRANCE • BUENOS AIRES, ARGENTINA • MEXICO CITY, MEXICO

OFFICES IN 75 PRINCIPAL CITIES OF THE WORLD

WASHINGTON OUTLOOK

WASHINGTON BUREAU JULY 2, 1960



The Administration finds a bigger surplus than expected as the books close on fiscal 1960. Revenue flowing into the Treasury during the year that ended Thursday will be some \$12-billion higher than a year ago; spending will be around \$78-billion, a bit lower than budgeted.

The surplus will be at least \$500-million when second-quarter collections are totaled, and perhaps closer to a billion. This is higher than the paper-thin \$200-million that Pres. Eisenhower estimated in January. The exact size is not the crucial point; what is important is the basic shift in the budget pattern, the economic impact.

The swing from a huge deficit to a respectable surplus in a single year sets a record in fiscal history. There was a \$14-billion deficit a year ago, by all odds the largest in peacetime.

The upturn in business is the big reason. Revenues have soared some \$12-billion over collections in fiscal 1959, while spending went down some \$2.5-billion.

The June 15 tax payments still being added up were heavy. Corporations will wind up paying almost all of the \$22.2-billion originally expected from them; individual receipts are up. Taxes withheld from individuals are just about as expected, some \$32.1-billion. But payments from individuals not covered by withholding, or only partly covered, are running better than \$1.1-billion over an estimated \$12.6-billion.

Treasury officials don't know why. One theory advanced by Internal Revenue agents is that publicity about taxes owed on income from interest and dividends shook loose some taxes that have been going uncollected.

Business sluggishness worries Washington about collections in the coming fiscal year. Tax rates will be the same. (Eisenhower this week got legislation extending the 52% corporation income tax and the so-called Korean excises, plus a debt limit increase to \$293-billion.) In January, Eisenhower estimated a \$4.2-billion surplus, based on a \$510-billion gross national product, with corporations producing \$51-billion in profits. Some officials now fear the estimates were high.

Spending next year still looks like about \$79.8-billion. Failure to approve postal rate and motor fuel increases reduces estimated revenue to \$83.4-billion. Even if business proves up to projections, that brings the surplus down to \$3.6-billion. Congress is not voting tremendous increases in spending despite the warnings from Budget Director Maurice Stans that several bills being considered would wipe out the surplus. The Southern Democratic-Republican coalition is keeping the brakes on fairly tight.

Besides, Eisenhower has no intention of letting spending go wild. He will use the veto on such bills as housing, if necessary; he will simply refuse to spend anything Congress appropriates in excess of the Administration's own defense and welfare programs.

Signs of a business downturn, then, are the thing to watch. Officials and economists in Washington don't like the dullness in housing; the Administration this week moved to spur highway construction by offering states six months of aid in the first quarter of the new year (page 30).

WASHINGTON OUTLOOK (Continued)

WASHINGTON BUREAU JULY 2, 1960

made next year. The rules committee directs what legislation the House of Representatives votes on; Democratic congressmen, and some Eastern Republicans, are irate over the way the committee has thwarted favorite legislation in the tag end of this session.

Junior members are behind the move to rein in the committee. So their success depends on the outcome of this November's elections. If a wave of new members comes in, Speaker Rayburn and other senior congressmen may be forced to listen to the complaints. Last year, Rayburn stopped a similar move by promising he would use his power to see that no important legislation was blocked. The opponents of the committee say Rayburn has failed.

Their complaints: Rules has blocked housing legislation, has blocked final Congressional action on federal aid to school construction, has watered down minimum wage legislation raising the \$1-an-hour rate, is standing in the way of ambitious medical-aid-to-the-aged legislation.

Senior congressmen oppose the move. They say the 10-man committee headed by Rep. Howard Smith (D-Va.) may slow up work on some "good" bills, but it's worth the price to keep such legislation as veterans' bonus and other spending measures off the calendar of the House.

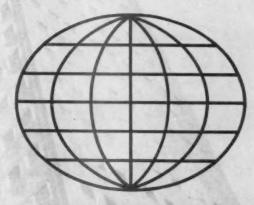
The extra session of Congress could reduce the pressure for change. Members will get another chance to act on legislation. They will come back after the Democrats and Republicans nominate a Presidential ticket; the two candidates will have a big say in what is done. The reform group claims that Vice-Pres. Nixon will back them if the Rules Committee continues to be stubborn. Democrats say their man needs much of the dammed-up legislation if he is to win in November.

Nixon stands to lose least as a result of a summer session. He has tried to move school construction, minimum wage, and medical aid for the aged. Now, he can enjoy the travail Democrats go through in August.

Vice presidential speculation: At the Governors Conference at Glacier National Park, the bets are narrowing (page 20). To go with Nixon: U.N. Ambassador Henry Cabot Lodge. As Democratic running mate: a governor, perhaps Herschel Loveless of Iowa or Orville L. Freeman of Minnesota.

The U-2 episode is still having its effects on gunshy Washington. The State Dept. is being criticized by the Pentagon for interfering with developing and testing military satellites. The military wants to put first a Midas early-warning vehicle and then a Samos reconnaissance vehicle into orbit to report on Soviet defenses. Midas would detect by infrared responses any missiles launched; Samos would do surveillance with high-resolution cameras.

A top-level official in the Defense Dept. complains that State Dept. "interference" is holding back work on the projects. He claims the diplomats insist on restricted orbits avoiding Soviet territory during test shots and are trying to restrict the kinds of equipment that can be put aboard the vehicles. It is possible to shoot an orbit avoiding Russia. But a more convenient orbit—to utilize present tracking stations, for instance—would put a satellite over the Soviet Union. Already, a contract to set up special antennas in Pakistan to read satellite signals has been suspended.



REMINGTON°
ELECTRICS PLAY
A KEY ROLE IN
ALCOA'S
WONDERFUL
WORLD
OF TODAY!

Aluminum Company of America, today agerty planting that wonderful aluminum world of tomorrow, has found a war place for HEMINGTON Electric typewriters in its scheme of things. Alcourses REMINGTON Electrics right down the production line—all the way from the Erecutive Suite through the Research Laboratories to the Manufacturing Division—for fast, distinctive typing output.

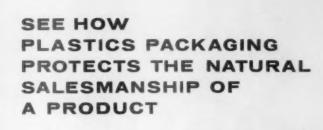
Thanks to the REMINGTON Electric, typists turn but letters, reports, billing, surveys and executive correspondence with an unique ed ease that guarantees more work in less time and with less effort. And the more than one hundred type styles available are a perfect complement to each and every signature.

Why not discover how REMINGTON Electrics can streamline your production?
Write for booklet RE9007A, Room 1636



Remington Rand





Transparent polyethylene gives soft goods a big headstart in today's markets. It makes a handsome show-case, while its tear-resistance protects your product from dirt, dust, moisture, and handling abuse, extending shelf-life and reducing markdowns. Printed messages stand out sharp and clear.

Plastics packages can be sparklingly transparent or richly colorful. They can be flexible or rigid. They make up into eye-catching mass displays. They can be convenient portion-packs or dispensing packages. They guard against contamination, damage, pilferage. And always, they contribute a special look of quality that efficiently sells foods, drugs, soft goods, cosmetics, sundries, or hardware. Send for your free copy of the Plastics Package Evaluator and a new Monsanto Report on Plastics Packaging, to Monsanto Chemical Company, Plastics Division, Room 755, Springfield 2, Massachusetts.

Monsanto Polyethylene, Lustrex® Styrene, and Vuepak® Cellulose Acetate are formed or fabricated by leading manufacturers into persuasive new packages that are today aiding the success of products in many markets.



MONSANTO ACTIVATOR IN PLASTICS

FIRE STOPPERS protected with A-L Stainless

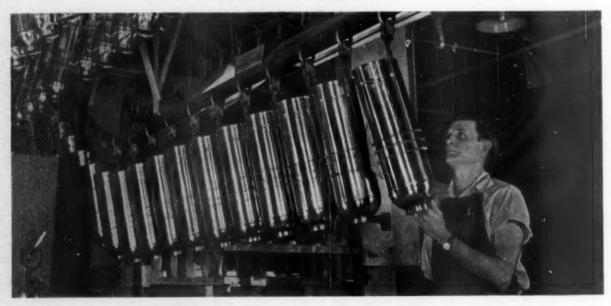
Reliability when fire strikes is a must for these portable fire extinguishers. That's why the manufacturer fabricates his product with quality Allegheny Stainless—gets rid of crippling corrosion.

Besides building reliability into his product, he was able to increase output, cut costs and produce a better product—lighter, stronger, with a longer operational life.

As it serves industry in this and other applications, versatile Allegheny Stainless Steel is also the logical choice of metals in the home. For quality Allegheny Stainless is hard, tough, easy to maintain, keeps its good looks for years.

And what's the reason for Allegheny Ludlum high quality? Simply this: long experience and personnel combine to perform the skilled techniques necessary for producing high alloy steels—stainless, electrical, and tool—in volume.

That's why the metal-using industries know Allegheny Ludlum as the leading steel company in its field—a specialized company over 12,000 people strong. Allegheny Ludlum Steel Corporation, Oliver Building, Pittsburgh 22, Pennsylvania.





ALLEGHENY LUDLUM

EVERY FORM OF STAINLESS . . . EVERY HELP IN USING IT



A-L products: stainless, high-temperature, electrical and tool steels: magnetic materials, and sintered carbides

In Production

\$1-Million Lab at Oak Ridge Will Speed Work on Isotopes

Oak Ridge National Laboratory is stepping up efforts to produce a larger number of types of radioisotopes for industrial and scientific use. The Atomic Energy Commission has contracted for a new \$1-million laboratory at Oak Ridge to produce new isotopes and to develop methods for producing larger amounts of isotopes than now made.

Presently, most of the facilities of ORNL are used for production, and industrial demand is increasing for currently produced types as well as for new isotopes—mostly for use in chemical tracing experiments.

GE's Multipurpose Tube Is Cheaper, Replaces Several of Conventional Type

Five-tube radios—the standard table model type—may soon appear minus three of their tubes. Battling against the incursions by transistors, General Electric Co.'s receiving tube division has developed a family of multipurpose tubes called Compactrons, in which all the elements of three or four standard tubes are packed in one glass envelope.

The new tubes, produced on standard automatic tubemaking equipment, will cost considerably less than the equivalent number of standard tubes, or transistors, at current prices.

GE claims the Compactrons are particularly useful with printed circuit devices, and should reduce the costs of assembling radio and television chassis as well as the cost of tubes. GE also predicts that color TV sets made with these new tubes will cost significantly less.

Process for Reconstituting Leather Gives More Uniform Quality and Thickness

Reconstituted leather of a new type will be produced in pilot quantities by Armour Leather Co., one of the largest tanneries, and United Shoe Machinery Corp. in a joint venture project.

The leather, which has not yet been named, is produced from a solution of collogen, which is the protein material that makes up 85% of the solids in hide leather. The process involves dissolving the hides, separating the collogens, and producing a continuous sheet from the collogens and hide fibers.

The two companies claim the process produces a product much like leather in texture and physical characteristics, but avoids variations in quality and thickness that natural hides inevitably have. The product can be embossed and grained to have the appearance of natural leather. The companies expect the reconstituted leather to be useful in shoes, upholstery, and clothing. Armour-United reconstituted leather differs from other reconstituted leathers that are ground up and pressed into sheets rather than dissolved into solution.

Linde Converts Heat-Resistant Metals Into More Usable Single Crystal Form

Special single crystal forms of tungsten, titanium carbide, and other high temperature resistant metals and compounds are in commercial production at Linde Co., a division of Union Carbide Corp.

In single crystal form, these materials are much easier to cut and shape than when they are in their ordinary polycrystalline condition. The tungsten, for example, can be machined at room temperature on standard lathes. Usually, tungsten parts are so hard and brittle that they must be ground.

Linde produces the single crystals by a process similar to the one it uses to make synthetic sapphires and rubies. The metal is melted in a high-temperature are and deposited on a seed crystal. By careful control of growth rate and temperature, the metal builds up as a boule, producing a rod-shaped solid piece up to ¾ in. diameter and 12 in. long.

Linde says that this process should open up new uses for high-temperature resistant, or refractory, metals and compounds. In spite of their toughness at high temperature, these materials haven't been fully exploited because they are so hard to fabricate.

In single crystal form, tungsten is softer, and is malleable rather than brittle. It is extremely pure, and has no inclusions or voids to weaken it or change its physical

In addition to tungsten, Linde has stocks of single crystals of vanadium, columbium, titanium carbide, titanium monoxide, titanium sequioxide, and molybdenum disilicide. Some of the materials are promising as high-temperature semiconductors as well as unique structural materials.

Senate Unit O.K.s Additional Funds For Salt Water Conversion Projects

Congress may increase substantially the amount of money available for development of saline water conversion devices before it adjourns. A Senate subcommittee has approved an additional \$20-million over the next five years, which would more than double the amount of money available now.

The bill was proposed by Sen. Lyndon Johnson, so Senate action is likely. And key House members have told Johnson they will move the bill along if the Senate acts soon enough.

Dr. A. L. Miller, director of the Office of Saline Water and a former congressman, is optimistic. He says the bill would provide money for pilot plants for three or four more processes in the next few months. Dr. Miller would particularly like to speed up development of freezing processes.



Public Relations Today

What does U.S. business get for its \$2-billion a year spent on PR? Here's the story of today's PR men, who they are, how companies use PR to avoid tight spots, win goodwill—and sell.

Last year when the TV industry got clobbered by Congressional committees, regulating agencies, the press, and the public as a result of the Van Doren and payola scandals, the top TV moguls held a series of huddles. They discussed how best to extricate themselves from this embarrassing situation and to make the public aware of TV's virtues. One upshot was the decision to put up a \$500,000 kitty for a program of "constructive" public relations.

structive" public relations.

Again, the first thing the nation's pharmaceutical industry did a few months ago when Sen. Estes Kefauver launched his probe of drug prices was to put a PR man on the staff of its industry association (the Pharmaceutical Manufacturers Assn.), and hire Hill & Knowlton, public relations counselors, at a fee of \$5,000-plus a month to handle the industry's public relations during the hearing—and after.

 Potent Remedies?—These examples are simply indicative of dozens of other recent cases where a company or industry in trouble has decided the solution to its problems is a quick injection of PR medicine.

The result has been an inflation of the legend that PR practitioners are a species of corporate medicine men whose black magic is potent enough to work overnight cures on whatever ails the corporate psyche or balance sheet. The folklore has it that any competent PR man can take a Scrooge-type executive, spin him through his machine, and turn out an acceptable facsimile of a lovable Charlie Weaver type.

Many PR people have added to the confusion by adopting a Madison Ave-

SETTING PR POLICY is top-level matter; at Standard Oil Co. (New Jersey), PR director Stewart Schackne (left) and outside PR counselor Earl Newsom (right), discuss PR problem with Vice-Pres. D. A. Shepard (holding paper), board member who maintains contact with PR staff; Pres. M. J. Rathbone, Vice-Pres. M. W. Boyer.

nue mumbo-jumbo that rivals that of the advertising agency clan. They have become "image merchants" who can cure "image trouble" by "projecting" the corporation's inner soul. They are experts in the "engineering of consent" with the corporation's various publics, and if that doesn't work, a little "social lubricity" usually will do the trick.

• . . . Or Shoddy Goods?—This slick jargon—along with some of PR's slick and often successful ways—has helped make them an attractive dart board for their critics. Many newspapermen regard PR men as "flacks" with hat in one hand and a news release in the other.

In recent months, authors and academicians have joined newspapermen in kicking PR people in the shins. Irwin Ross in his Image Merchants paints PR people as experts at passing off shoddy corporate practices by wrapping them in beautiful packages. Alan Harrington in his Life in the Crystal Palace calls PR men intellectual social climbers trying to upgrade their trade to the status of a profession. And Dr. Adolf A. Berle of Columbia University demands that PR men come out from behind their masks so the public can see who is doing the influencing.

• Real Role Today—All this, of course, tends to obscure and distort the role of public relations in the business world. In this Special Report, Business week cuts through some of the gibberish and nonsense that surrounds this field, to give businessmen an insight into the real role of corporate public relations today.

What PR Is Up To

Before one gets very deep into a study of PR, some sort of working definition is necessary. Public relations men themselves have heated up the keys of many a typewriter trying to pin down what it is they get paid for. The definitions range from biblical to bland.

Ask Henry J. Kaiser, Jr., head of Kaiser Industries Corp.'s public relations, what his company's PR policies are, and he will usually hand you a printed card with this legend: "Let your light so shine before men that they may see your good works—Matthew 5:16." Robert Heilbroner calls it the business of the Invisible Sell, or Dale Carnegie Writ Large—the professional winning of friends and influencing people, not for oneself but for one's company or client.

But when you hold up most definitions of PR to the light their outline shows up something like this: Corporate public relations means keeping management informed of changes in the opinions of its various publics—stockholders, employees, customers, suppliers, and government. It also means counseling management as to the impact its action or lack of action will have on the opinions of these publics. Once a corporate decision has been taken, PR's job is to communicate this information in the best and most favorable manner to the company's publics.

A Growth Business

While this may seem like a mouthful of words as well as chores for PR, management has swallowed both. In the short space of 25 years, the need for and practice of public relations has grown to the point that today PR has become firmly ensconced in the superstructure of U.S. business. By almost any yardstick its growth has been spectacular: · Among the top 300 companies in the country, three out of four have fullfledged PR departments, a broad-jump from the one out of 50 reported in 1936. New corporation PR departments are starting at the rate of 100 a year. Moreover, thousands of not-so-big companies have PR people on the premises or use outside PR consultants. • The number of PR practitioners has

 The number of PR practitioners has probably out-mushroomed any other

management service group. Thirty vears ago, it would have been hard to list over 1,000 PR people. Today there are an estimated 100,000 PR practi-

Most of the 100,000 are on corporate PR staffs ranging in size from one-man departments to the several-hundredman PR corps General Motors has

spread around the world.

Others are with PR counseling outfits, whose number has passed the 1,350 mark and is growing at the rate of 50 a year. The New York classified phone book now has eight full columns listing "public relations counselors." Twenty vears ago it had but one column.

· Money and Maturity-This modern PR setup is taking a good-sized bite out of the corporate till. This year U.S. companies will spend an estimated \$2-billion on PR activities ranging from publicity releases to annual reports to proxy fight broadsides. It's no longer an eye-stopper for a big corporation to have a PR budget in seven figures.

The field is expanding like a yeasty dough. By 1969, companies will be spending \$6-billion a year on PR, and the number of practitioners will have jumped to 250,000, according to Kalman Druck, a veteran PR counselor.

Signs of PR's importance and growing maturity show up in other ways. Once, it was a partial refuge of broken-down newspapermen and corporate organization men who had lost their compasses. Today's practitioners still include some of these types, but more and more PR is getting some bright young men not only from the communications field but from the legal and personnel departments and from academic ranks.

Most of these newcomers have a grounding in the liberal arts, sciences, and business far superior to that of the old hands. Many sport formal training in PR. PR courses have become a fixture at over 200 colleges, as well as the Harvard Business School. Since 1947. Boston University's School of Public Relations and Communications has handed bachelor's sheepskins to more than 1,000 PR majors, graduate

degrees to over 100.

· Upgraded-The increased sharpness of the PR men themselves, and the increased importance management puts on the function, have enhanced the stature and pay of PR practitioners. In many large corporations, the PR director is now a vice-president, reporting directly to the company chief executive. His salary will range from \$25,000 to \$50,000, and has been known to crash the \$100,000 mark.

These public relations executives find their bailiwicks are being stretched like rubber bands. Once corporate PR consisted mainly of press releases and product publicity. Today, a PR director may have under his wing everything from annual reports and stockholder relations to community relations and corporate philanthropies. In some companies-among them, Ford and Standard Oil of New Jersey-institutional advertising comes under the PR shingle; in others, such as Texaco, the PR vice-president also rides herd on per-

PR has even become a possible stepping-stone to the corporate pinnaclesomething almost impossible a few years ago. Such top executives as William E. Robinson, chairman of Coca-Cola Co., George Romney, of American Motors Corp., and Chmn. Dwight J. Thomson of Champion Paper & Fibre Co. came up via the PR route. So did a half dozen presidents of American Telephone & Telegraph Co. subsidiaries. In fact, in the Bell System PR is one of the speediest routes to

What Made PR Important

This new standing of public relations is fairly recent in origin. Indeed, the big changes in business conditions that have made it so important to management, as well as much of what passes for PR practice today, are post-World War II in origin.

Public relations, of course, has had a much longer history. Its development in the U.S. has had three distinctive phases (page 44)—each overlapping into the other, and all three still evident in

its practice.

The Depression years were ripe ones for corporate management to grab on to the new public relations ideas developed by Edward L. Bernays in the 1920s. Public distrust and misunderstanding of the motives and methods of businessmen had reached a new high. It was in 1931 that General Motors hired Paul Garrett as a one-man PR department, and in 1936 that U.S. Steel started its public relations staff.

But it has been the World War II period and the postwar years that have put the real dynamite charge under PR's growth. Thousands of young men learned PR techniques in information billets during the war. The war also focused sharp attention on the power of propaganda and public opinion and

the ways it could be shaped.

· Era of Public Opinion-Today, most businessmen are sensitive to the impact public opinion can have on company sales, employee productivity, the kind of labor and governmental relations a company enjoys-and ultimately on management's most crucial vardstick of success, the balance sheet. Management has become aware that just one unfavorable piece of legislation-such as the "death sentence" clause of the Pub-lic Utility Holding Company Act of the 1930s, a result of public opinion pressures-can put a dozen companies out of business at a crack.

So management has come to the conclusion-sometimes reluctantly-that it is living in an era of public opinion. That opinion can be dealt with directly or by default, but management cannot ignore it.

· New Roles for Business-Why has public opinion become such a major concern to the corporation? One reason is that the old order has changed swiftly as a result of two world wars; traditional concepts of social, political, and economic values have been swept away. Business now operates under completely different ground rules from, say, 40 years ago. Today, for example, the corporation has had to take on such new roles as educator, philanthropist, enlightened employer, and community citizen. Once, its only goal was to make as much money as possible.

A second reason for the new importance of public opinion is that communications have vastly expanded through movies, TV, international networks, increased newspaper circulation, magazines, and a flood tide of books. This has given immediate national and international currency to news of ideas

and events.

For companies, this means their every action can be spread before millions of eyes in a matter of minutes. It also means there is tremendous competition for reaching the public through these media-and that home-made efforts rarely are good enough to compete with those of communications experts.

· Middleman-All this, of course, has made PR important to management, because PR's job is to be sensitive to the nuances of public opinion, decipher them for management, and be the company's expert communicator to its vari-

ous publics.

As expert communicator, PR plays a unique and quite startling role in the whole flow of communications between the business community and the public. This role is often glossed over, but the simple fact is that much of the current news coverage of business by the American press, radio, and TV is subsidized by company PR efforts.

First of all, PR has deepened the channels of communication between publications and business. Business sections of newspapers and magazines are filled today with stories that companies wouldn't have dreamed of discussing, let alone have sent out, 50 years ago.

Secondly, the 100,000 public relations practitioners serve as a tremendous source of communications manpower. Without them, only a handful of newspapers and radio or TV stations would have the staff or resources to cover business activities.

Prof. Ralph Ober of New York's New School for Social Research-a

TSB URGH CHEMI CAL COMP ANY

- · INDUSTRIAL CHEMICALS
- · ACTIVATED CARBONS
- PROTECTIVE COATINGS

You'll be seeing and hearing more of this name because it means something extra to America's process industries

For more than a decade, America's process industries have been calling "Pittsburgh Coke" for top quality industrial chemicals, activated carbons and protective coatings. Today, these same reliable products are available by calling "Pittsburgh Chemical."

Pittsburgh Coke's Industrial Chemicals, Activated Carbon and Protective Coatings Divisions and their supporting technical departments have been combined in a whollyowned, autonomously operating subsidiary-Pittsburgh Chemical Company.

By concentrating our activities exclusively in chemicals

and chemical products, Pittsburgh Chemical Company is now able to serve its customers more efficiently than ever. A long-range growth and development program is already underway. It includes a steady expansion of our own production and marketing facilities.

But its main objective is to help our customers reduce costs, improve production and increase profits. For our growth depends largely upon the growth and prosperity of our customers.

Write, wire or phone us by our new name—Pittsburgh Chemical Co.—and watch things happen . . . for you!

A Basic Producer of INDUSTRIAL CHEMICALS . ACTIVATED CARBONS PROTECTIVE COATINGS for Chemical . Paint . Plastics . Petroleum . Marine

and Process Industries

PITTSBURGH CHEMICAL CO.

GRANT BUILDING PITTSBURGH 19, PA

A Subsidiary of PITTSBURGH COKE & CHEMICAL CO.

Regional Sales Offices: Pittsburgh . New York . Nashville . Chicago . Houston . 1.08 Angeles . San Francisco

How Public Relations Has Evolved



PRESS AGENT

FIRST PRACTITIONERS of public relations were the press agents, and foremost of the early promoters was P. T. Barnum (above). "The public be fooled" was their slogan, but Barnum probably reached the pinnacle of his showmanship in engineering the U. S. tour of a great artist, Jenny Lind (below). In this era, the stress was on ballyhoo to pull crowds—and profits.



PUBLICITY MAN

IN THE EARLY 1900s, the infant profession switched its byword to "the public be informed." Symbol of the new approach was Ivy Lee (above), a young New York newspaperman who believed companies should supply accurate information on activities of public interest. An outstanding coup was his publicizing John D. Rockefeller's policy of distributing dimes (right).

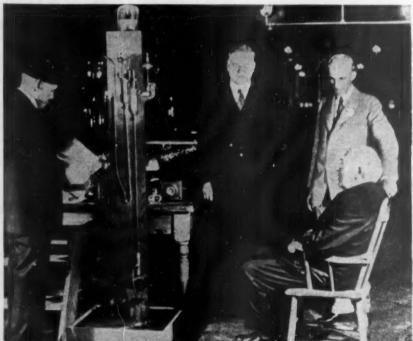


Public Relations Counselor

NEXT STEP was taken by Edward Bernays (right) in the 1920s. He hammered home to clients that they should not just inform the public—they should learn to understand it and move positively to earn its favor. In 1929, for Light's Golden Jubilee, he helped bring Pres. Hoover, Thomas Edison, Henry Ford, and Francis Jehl together to reenact discovery of incandescent lamp (below). This catapulted Bernays into prominence.







BUSINESS WEEK . July 2, 1960

former newsman-estimates that 80% of all stories in newspapers emanate

from PR sources.

 Conscience—But PR has done more than expedite communications; it has helped make management more aware of public opinion and responsive to it. Public relations tries to work both sides of the street, speaking for management and speaking to management.

At its best, it tries to get management to test every decision against the balance point of public interest and opinion. As a result, it has helped make good conduct more prevalent in U.S.

business

As Robert Heilbroner points out: PR has served very much as a "corporate conscience—a commercial conscience, no doubt, but a conscience, nonetheless."

• Pros and Non-Pros—This, of course, doesn't mean that without a formal PR department a company isn't sensitive to the forces of public opinion or is without PR. In any large company someone—whether it be the ad manager, purchasing agent, or president—has an awareness of public relations. In fact, many corporate heads, such as Frank Pace of General Dynamics Corp., Ben W. Heineman of Chicago & North Western Ry., or Mills Lane, Jr., of the Citizens & Southern National Bank, have almost an intuitive feel for PR.

Yet in most companies the public relations expertise and workload is centered in the hands of professionals.

PR Practitioners: How They Line Up

Public relations methods and the place of PR and PR men in the corporate scheme of things—as well as the price tag—vary widely in U. S. business. PR's niche depends in part on whether it operates on the company premises or out of the more or less plush offices of the outside counseling firms.

The Insiders

Most professionals practice within the corporation framework. But even here there's no formula for PR's place. The chores of the insiders range all over the corporate lot—news releases, annual reports, financial relations, international publications and communications. Their specific jobs depend on management's evaluation of its PR problems and the capabilities of its PR department.

If management thinks of PR mainly as publicity, it will expect PR to produce scrapbooks filled with press clippings. If it regards PR as a way to help merchandise products, ease community friction, or boost the price of the company's stock, those will be the jobs PR

will spend its energies on.

Geared to Needs—All this, of course, affects the size and budget of the corporate PR department. Companies heavy in consumer products usually have larger PR staffs than those heavily capital-goods oriented. Companies with national sales and plants and offices spread over the map need more PR types than companies with strictly regional operations.

The PR department's organizational structure varies, too, with company needs. Reynolds Metals, for example, used to assign PR men to its plants when production and community relations had prime importance. Now that marketing gets the spotlight, Reynolds' PR people do a great deal of work for

the district sales offices.

Ford, GM, and U.S. Steel have a

headquarters PR staff, plus PR men in district offices. Generally, headquarters handles PR at the corporate level, directs and coordinates the field staff, and provides a corps of specialists that can be tapped by the PR field men.

• Price Tags—PR budgets will vary

 Price Tags-PR budgets will vary sizably depending on size and scope of the department. Unlike advertising budgets, they rarely bear any formula relationships to company sales.

However, a recent Public Relations Society of America study gives some rough idea of the price tags companies put on PR. Of 125 companies surveyed with sales in the \$100-million to \$200-million range, three reported budgets of \$26,000 to \$50,000, three budgets from \$50,000 to \$100,000, six from \$100,000 to \$250,000, two from \$250,000 to \$500,000, and six over \$500,000.

Advice, Not Decisions—The key man
in the company public relations setup
is the PR director. Within the corporation he has the dual role of staff executive and department administrator.
As a staff man, he normally advises the
brass as to the public relations consequences of any action they are weighing. Once management makes up its
mind, then the PR director takes over
as expert communicator and disseminates the information.

In this, his role is like that of the company lawyer, tax man, or sales chief. He rarely makes major business decisions any more than the company treasurer makes the decision on whether the business should have a stock or a

bond issue

• PR's Weight—On the other hand, PR directors often find themselves at a disadvantage compared to other staff members in counseling company management. That's because PR is a field dealing in abstractions and intuition rather than hard production schedules or interest rate tables.

Because he's in a spot where his judg-

ment and intuition often have to be accepted at face value, the PR director's weight at the management table basically depends on the confidence management has in him, based on his experience and judgment, or simply his "face validity" as Thomas Yutzy of Dudley-Anderson-Yutzy terms it.

In practice, much of this confidence factor simply boils down to the rapport the PR director has with the company boss. The fact that Phelps Adams, PR vice-president for U.S. Steel, sees Chmn. Roger Blough about three times as often as does any one of a dozen other highly placed officers is not lost on the company brass. Standard Oil of New Jersey's PR director, Stewart Schackne, has direct contact with a member of the company's board, David Shepard, who passes along board actions and is alerted to PR needs.

This rapport also determines the PR director's rank and link in the corporate chain of command. Where PR ranks high with the boss, the PR director reports directly to the top—the company president or board chairman. In other cases, the PR director may report to a vice-president. And, in a few, he reports to the ad manager. "In these cases, the PR man has had it," points

out one veteran PR chief.

Where the PR director rates high with the brass, the job usually carries a vice-presidency—as with Kerryn King of Texaco, or James Cook of AT&T. From there it can grade down to the department manager or supervisory rank, or even to a level barely outranking the office boy.

The Outside PR Counselors

While most PR practitioners are firmly lodged in the corporate woodwork, a great many-including some of the best-known and highest-paid-operate beneath the shingle of the PR counselor.

These counseling firms range in size from the one-man operator whose major skill is running a fast typewriter and hot mimeograph machine to an operation like Hill & Knowlton with 250 people on the payroll. In scope, they vary from press agents, who use the PR counselor title to inflate their ego, to an Earl Newsom, whose staff operates out of a Madison Avenue penthouse, spends most of its time in the corporate clouds counseling company presidents, and hardly lays a hand on a press release.

About 60% of the counseling firms are concentrated in the top communications and government centers—New York (30%), Los Angeles (12%), Chicago, Washington, San Francisco.

 What They Do—While most PR counseling outfits stress counseling, that's usually only 5% to 20% of their work. The rest of the time they carry out the general run of PR activities. For some clients they are, in effect, the PR department, handling everything an inside PR department would. Hill & Knowlton handles the entire PR job for the American Iron & Steel Institute; Carl Byoir & Associates does the same for Minneapolis-Honeywell, and Ruder & Finn for a dozen or more smaller clients.

Internally, most counseling outfits are set up like ad agencies. Account executives are assigned to each client with whatever assistants are required. These account executives are the PR firm's main contact line with clients, and handle day-to-day problems. When special headaches arise, the PR outfit calls in other manpower including its top brass and specialists.

• Fees—The fees a counseling outfit charges have been a morass for years, but in recent years most fee structures shake down to something like this:

First, there's the basic fee—which simply gets the PR outfit thinking about the client's problems and lets the client pick the brains of its top people. How fat the fee depends on the PR outfit's reputation, the size and stature of the client, the scope of PR projects to be undertaken—and what the traffic will bear.

Most top-drawer PR outfits charge a minimum fee of around \$36,000 a year (Byoir has a \$50,000 minimum). It's stiffer for trade associations because the job tends to be tougher-more bosses to answer to, and bigger programs. For a big trade association, \$100,000 isn't considered out of line.

It's in this basic fee that PR outfits really make their money. Most other charges are usually a matter of shuffling money in and out of pockets.

These additional charges often include time charges based on the individuals put on the account. If a PR company assigns a \$15,000-a-year man to an account, it charges the client the \$15,000, plus anywhere from 25% to 100% of his salary as overhead.

The client is also billed the PR outfit's out-of-pocket expenses—travel, entertainment, printing, and photography—often without any override, but sometimes with 5% to 15% surcharge.

• Best of Both Worlds—While it may seem odd, many big corporations with sizable PR staffs employ outside counsel. International Telephone & Telegraph Corp., with its own PR staff of 30, employs Carl Byoir as well as Gartley & Associates as outside PR counsel. AT&T, with a crackerjack internal staff, employs Dudley-Anderson-Yutzy. Jersey Standard, also with a first-rate staff, uses Earl Newsom.

The advantages are several:

 Outside counsel, because of its experience with various companies and industries, brings to a client's problems a much broader background than an internal staff and an impartiality rare in an inside department. Frequently, inside PR gets caught up too closely in day-to-day operations. Outside counsel can often come in with a fresh, new approach.

 The outside counselor often has more stature and independence and can cuddle up closer to the corporate brass.

 A counseling firm can often offer the facilities of its regional offices or correspondent network. Ruder & Finn's "field network" of correspondents has been one of its major selling points.

 The counseling company may have special financial knowhow or technical writing skills.

Sometimes a PR counseling company may simply be called in to help even out the peaks and valleys of an internal PR department's work flow.

At other times a company wants an outside expert so its inside staff can tap

the expert's brains.

• Line to the Brass—Just as the inside PR director needs to build a close line to the corporate brass, rapport between the counselor and the company's executives is crucial—and the top counselors have it. John Hill of Hill & Knowlton has been for years a confidant of the bosses of the major U.S. Steel companies. T. J. Ross of Ivy Lee & T. J. Ross is a director of Rheem Mfg. Co. and of Home Insurance Co., and a member of the operations committee of Chrysler Corp—all clients.

When top rapport is lacking, there's usually a heavy client turnover. Several PR firms, in fact, have the reputation

of being "revolving doors."

• Hierarchy—It's hard to rank PR outfits because gross billings aren't too meaningful, since they include expenses billed clients as well as fees. The figures are also closely guarded secrets. But probably the top five in size are Hill & Knowlton, Carl Byoir & Associates, Dudley-Anderson-Yutzy, Ruder & Finn, and Selvage & Lee, with anywhere from 100 to 260 employees each.

The PR departments of some big ad agencies are not far behind. Young & Rubicam, for example, has a PR de-

partment over 100 strong.

To most young PR counselors on the make, though, Earl Newsom & Co. represents perhaps the highest rung of success. One reason is that Newsom—a small outfit of six partners and 16 secretaries and researchers—sticks to counseling, gets fancy fees from a string of the bluest of blue chips. It also has enough independence to deal forcefully with clients—Newsom will resign an account if he feels his ideas aren't getting through to management.

Newsom's reputation is further enhanced by the number of its alumni gracing high PR billets-among them Charles Moore, top PR man at Ford, Sydney Morrell, executive vice-president of Communications Affiliates, Stewart Schackne of Jersey Standard.

 Special Flavor-Other PR outfits, too, have their own distinctive flavor.

• Hill & Knowlton is run by a quartet composed of John Hill, chairman; Bert Goss, president; Richard Darrow, executive vice-president; and John Mapes. Its client list is heavy in trade associations, including the American Iron & Steel Institute, Tobacco Industry Research Committee, Pharmaceutical Manufacturers Assn., and Aerospace Industries Assn. Corporate clients include Avco, Gillette, and Cities Service.

 Carl Byoir & Associates, about as big as H&K, is headed by Gerry Swinehart, chairman, and George Hammond, president. It's known as a harddriving outfit. Some corporate clients: A&P, Bendix, Hughes Tool Co., RCA,

B. F. Goodrich Co.

 D-A-Y, headed by Pendleton Dudley, Thomas Yutzy, and George Anderson, runs a quiet, hard-working operation. It has many food clients, including Florida Citrus Commission, along with American Motors, American Cyanamid, and Columbia University's Teachers College.

• Selvage & Lee-run by James Selvage, chairman, and James Cope, president—handles general PR work, but has a reputation as specialist in proxy fights. During one 12-month period a few years ago, S&L was adviser to Montgomery Ward in its fight with Louis Wolfson; to Fairbanks, Morse & Co., against Leopold D. Silberstein; and to Seiberling Rubber Co. in its proxy contest with Edward Lamb. Its client list includes Carrier Corp., Studebaker-Packard, and Republic Steel Corp.

• Ruder & Finn, a Johnny-comelately compared to the other four, is a shiny example of how fast and far one can go in the counseling business. Twelve years ago Bill Ruder, now chairman, and David Finn, president, hung out their shingle in what is now a linen closet of New York's Lombardy Hotel. Today, they and a third partner, Paul Zucker—all in their 30s—run a 140-man shop. Their 48 clients are mainly small companies, but include also Martin Co. and International GE.

Day of the Specialist

One of the newest swings in the counseling business is the rise of the specialist. Of course, every large PR outfit has its own stable of specialists, ranging from financial PR specialists to annual report specialists and illustration specialists. Some are more esoteric—Ruder & Finn has a psychologist on its payroll, H&K a counselor on educational programs (Dr. Albert L. Ayars),

GAMICA STATE

... a big word at HOUDAILLE

(say "HOO-DYE")

In many cases our product prices are about the same as our competitors', so our service has to be superior. Each of the 17 Houdaille divisions listed below boasts of its service. If you are

The state of the s

interested in one of their products, they can put a salesman at your door in 36 hours no matter where you are located in North America.

There are no order-takers at Houdaille. Our salesmen—actually they're field engineers—spend most of their time tailoring jobs to our customers' needs, often after the sale has been made.

If you'd like to learn more about what we have done at Houdaille, drop a postcard to Ralph F. Peo, President, Houdaille Industries, Inc., 1280 Main Street, Buffalo 9, New York.

HOUDAILLE'S IN THE WORLD'S TOOL CHEST. For almost half a century, industry has relied on Fairmount tools to perform the all-important adjustments and maintenance that keep machines on the go. Today as industry becomes more and more automated, it places an even greater premium on correct and speedy maintenance. Fairmount Tool and Forging, Inc., a Houdaille subsidiary, is designing and producing the mechanics' hand tools to service machine tools, construction, mining and off-road equipment.

HOUDAILLE INDUSTRIES, INC.



BUFFALO HYDRAULICS DIVISION, BUFFALO, N.Y.; MANZEL DIVISION, BUFFALO, N.Y.; FAIRMOUNT TOOL & FORGING, INC., CLEVELAND, OHIO; DETROIT DIVISION, DETROIT, MICHIGAN: HUNTINGTON DIVISION, HUNTINGTON, W.Y.A.; WALES-STRIPPIT, INC., ARRON, N.Y. AND LOS ARGELES, CALIF.; PROVINCIAL ENGINEERING LTD., HIAGARA FALLS, ONTARIO; HOUDAILLE INDUSTRIES DIVISION, OSHAWA, ONTARIO; STRIPPIT TOOL & MACHINE CO., BRAMPTON, ONT.; HOUDAILLE CONSTRUCTION MATERIALS, INC., MORRISTOWN, N.J.; BUFFALO CRUSHED STONE CORP., BOWMANSVILLE, N.Y.; R.H. WRIGHT, INC., FORT LAUDERDALE, FLORIDA.



9:15 A.M.: Fairman begins day by presiding at meeting of his plans board, to discuss and coordinate activities of the PR staff.



10 A.M.: He checks on coffee test planned for next day in Borden Test Kitchen, which tries out products and assists in publicity.



10:30 A.M.: He helps Stephen Korsen, his assistant and head of press section, in picking photos of a director's field trip.

Diversified Chores Fill A Company PR Man's Day

In general, he creates his own duties, varying with the industry, the company, the man—and how well he wins management's confidence. Look, for example, at Milton Fairman, 55, PR director and assistant vice-president of the Borden Co. Ten years a newspaperman, he has been with Borden since 1937 and its PR director since 1943.



11:15 A.M.: Phone call summons Fairman to office of Pres. Harold W. Comfort for consultation on midyear earnings statement.



12:45 P.M.: He lunches with T. Fife Clark of British Central Information Office. Fairman values outside contacts for new ideas.



3:15 P.M.: He advises Staffer Maurice O'Reilly on article for PR Memo, originated by Fairman 23 years ago for key personnel.



5:30 P.M.: At day's end, he encounters Frank Mohr, assistant purchasing agent, in front of Borden's symbolic cow, Elsie.

and D-A-Y has eight home economists.

But now specializing has engulfed whole firms—and the effect is noticeable in companies that buy their coun-

 Finance—Currently, for example, there are a few dozen firms specializing in financial PR—an outgrowth of companies' increasing awareness of the need for good communications with stockholders and the financial community.

The effect shows up in fancy annual reports, sugary letters to stockholders, and annual meetings that hand out everything from a gournet lunch to sample products. It's evident, too, in the valuable time top brass spends wooing security analysts.

In some cases financial PR boils down to finding ways to run up the price of the company's stock. A few PR practitioners have become so slick at boosting stock prices through publicity that they're willing to take fees in stock (a practice mostly frowned on).

• Other Hot Lines—Technical public relations—writing highly technical articles for professional publications—is also booming. A company like Farley Manning Associates, for example, has a dozen or so engineers and scientists on its PR staff for this purpose.

Another growing field is PR counsel and service for the increasing number of U.S. companies operating abroad. Hill & Knowlton works with over a dozen affiliated organizations abroad on such projects. Ruder & Finn has similar tieups, and recently opened its own European headquarters at Geneva.

Washington Angles—The Washington PR man best exemplifies another specialty—legislative work. He must be knowing in the ways of government and politics; often his job is as much to keep his company or association abreast of Washington developments as it is to influence public opinion.

The approach to government problems varies with the outfit. H&K's Washington manager, Avery McBee, steers carefully away from what he considers lobbying. Newmyer Associates, probably the most successful Washington PR outfit, proclaims: "We do not lobby."

Selvage & Lee, however, registers its Washington office under the lobbying law, just to play safe. Public relations, says S&L's Sam Bledsoe, includes lining up Congress on your side: "Most Washington firms are hired to push or defeat legislation. In this town you can't separate that from public relations."

Newmyer takes a different tack. It serves only 10 clients (Ford, Jersey Standard, CBS, and others), tries to serve them intensively. Newmyer men roam Congress and the agencies picking up information the trade press might

overlook. If lobbying has to be done, Newmyer sets up an appointment for a company official with the proper congressmen. It fills in the company man on the congressman's proclivities or eccentricities, perhaps suggests arguments—then puts the man on his own.

• Admen's Pitch—The admen, too, after considerable thrashing around in connection with PR, are taking a second look at where PR fits into their life. Some Madison Avenue agencies now offer it as a way of bringing in additional clients, others as a way of diversifying or providing more service

to clients. Warren Schwed, PR vicepresident of Grey Advertising, sees it as just part of the total communications package an ad agency has to develop for clients.

The new look at PR brings no agreement, however. Some companies—J. Walter Thompson, N. W. Ayer, Grey, and Batten, Barton, Durstine & Osborn, are examples—have PR divisions handling PR almost exclusively for advertising agency clients. On the other hand, McCann-Erickson has a separate PR affiliate, Communications Counselors, and many of its clients are not McCann-Erickson ad clients.

PR in Action: How It Stacks Up

With this fast-expanding setup of elaborate inside PR departments and specialized outside counselors, how far is organized public relations actually accomplishing its task for management? The answer depends in part, of course, on what management expects.

on what management expects.

When Paul Garrett arrived in Detroit 29 years ago to become the one-man PR staff for General Motors, he was asked: "How do you make a billion dollars look small?" Garrett said he didn't know, and furthermore he didn't think it was his job. Public relations was not an "act," but a continuing effort on the part of management to win respect of the public, by acting in a way that would win that respect.

 No Black Magic—Many businessmen, however, still feel a company can do and say what it pleases, and somehow public relations can put the right face on it. The PR practitioners—and sophisticated managers—say this isn't so.

"A public relations man can define a company's character and if necessary defend it, but he cannot create or bestow a character that isn't there," says Charles Moore, Ford's PR vice-president.

• Changing an Image—No matter how many millions it spent on public relations, E. I. du Pont de Nemours & Co. couldn't change the "merchant of death" image that was fastened on it in the 1930s except by becoming in unmistakable fact the enlightened progressive producer of consumer goods it wanted the public to consider it.

Nor could the public notion of a "Rockefeller" have been changed from the image of a rapacious John D. Rockefeller, Sr. to the point where his grandson could be elected governor of New York without some striking changes in the way the Rockefellers and their companies did business and handled their civic obligations.

All the ghost writers in the country can't convert a boob into an industrial statesman, nor put over a shoddy product. PR might turn the trick for a short while, but sooner or later the public will get wise.

• Seat of the Pants-Moreover, PR is no exact science, nor even a well-understood art. Many practitioners still literally "fly by the seat of their pants," relying on intuition or hunch. Many PR people, even when they can spot nuances of public opinion, don't know how to capitalize on nor pacify it.

Research bears out that it's often enormously difficult to change deepseated opinions simply by an impressive marshaling of facts and evidence.

This doesn't mean people can't be influenced. It means only that it takes more complicated techniques than a mass barrage of publicity stories. And usually, the broader the PR objective, the more complex the tactics.

What PR Can Do

Though PR practitioners still have a long way to go in learning to mold public opinion, they can point to a number of accomplishments—both dramatic things like promoting a new "corporate image" or making a company head a public figure, and the equally important but less eye-catching things that make a company's day-by-day existence easier.

Despite its share of failures and flops, PR can cope successfully with hundreds of company problems, big and small, smoothing the labor climate, avoiding proxy contests, promoting products, building prestige among customers and in the financial community, even winning legislative battles.

One way to get an insight into its current scope is to look at public relations in action—its tactics, techniques, successes and failures.

• Goodwill Merchants—A good part of corporate public relations can be lumped under the general heading of winning goodwill for the company. A large part of that is tied up with community relations problems. Sometimes the goodwill effort means grabbing an

opportunity by the horns; sometimes it's a matter of long-range planning.

· When Atlanta was paralyzed a year ago by a severe ice storm, Atlanta Transit System was the only utility that could be reached on the phone. Pres. Robert Sommerville-who stresses the practice of public relations in every company employee's personal contactsreasoned that "in times like that people just want to talk to somebody," figured ATS would receive a lot of calls. So ATS got every secretary and engineer in headquarters at a phone, answered 10,000 calls in three days, and won itself a lot of friends.

· When Socony-Mobil decided after 64 years to close its Olean, N. Y., refinery, it took steps to cushion the impact. It made a special point of placing some 350 employees who otherwise would have lost jobs-shifted as many workers as it could to its new Ferndale, Wash., refinery, permitted others early retirement, placed some with other Olean companies. It briefed city leaders on why the plant was closing, made efforts to get new industry into town.

• When General Electric decided to transfer its major appliance division to Louisville in 1952, it undertook a massive PR effort to show residents of Louisville and surrounding areas that GE was a good neighbor. It wanted to win a community welcome, get local employees, avoid antagonizing local industries. It put on press conferences for GE officials with Louisville newspapers, radio, and TV, ran special ads about GE, its activities and working conditions. The campaign did so well GE now uses it as a model for new plant openings.

· Product Goodwill-Goodwill efforts can be a product help, too. In 1958, for example, Hotpoint Div. of GE ran into a manufacturer's nightmare: Sales of its laundry appliances were slipping in the face of an industrywide pickup. Hotpoint investigated, found thousands of housewives had complained that its 1955-1957 model washers and washer-driers needed six and seven annoying and costly repair calls a year. Hotpoint repairmen found faulty clutches, transmissions, and filters in alarming numbers-all a result of manufacturing defects.

To save its reputation and future sales, Hotpoint decided to replace some 40,000 ailing machines with brand-new models, at a small additional cost to the owners. Despite the large cost to Hotpoint-between \$7-million and \$10million, the industry estimates-the company figures the outlay generated so much goodwill that Hotpoint could still end 1959 in the black.

· Timing's the Key-Some of these goodwill projects give an insight into PR basics. Standard Oil Co. of New Jersey's decision to sponsor the Play of the Week, for example, illustrates how important timing is in a PR decision.

A few months ago this program, a dramatic show on a local New York TV station, was about to go off the air. The problem was that the sponsor's tab was large in comparison to the program's comparatively small and highly localized audience. But prominent dramatic critics were lamenting the sad plight of TV and American culture, which would permit such a program to go off the air, while soap operas and horse operas continued. Listeners were writing thousands of letters to the station.

Stewart Schackne, Jersey Standard's PR director, becoming aware of the furor, approached David Shepard, the company director with whom he maintains contact, on the idea of Jersey stepping in as sponsor. This could win tremendous goodwill and prestige for the company, Schackne pointed out.

Shepard, impressed, told Schackne to line up cost estimates. Schackne got in touch with David Ogilvy, president of Ogilvy, Benson & Mather, one of Jersey's advertising agencies, and PR counsel Earl Newsom. Ogilvy had already had the same idea and Newsom supported it. Two days later Schackne, Ogilvy, and Newsom made a presentation to Jersey's board on why it should pick up the \$600,000 tab for a 13-week sponsorship (later extended).

The board bought the proposal on the basis of its being good public relations, rather than as an advertising expenditure. Jersey also made the point that it would not exercise any control over choice of plays-another PR decision. Jersey figures the thousands of letters and hundreds of newspaper editorials and stories praising the move are well worth the \$600,000.

The timing, however, was crucial, one Jersey PR man says: "A loose ball worth millions in goodwill was bouncing around and the question was who would be smart enough to pick it up first." But he notes that a year earlier sponsorship of the program "might not have been worth 2¢ in terms of goodwill and prestige-the timing would have been completely wrong.'

Corporate—and Brass—Image

This sort of goodwill promotion is closely allied to the corporate "image building" that is now the PR rage.

The corporate image job Daniel J. Edelman & Associates of Chicago did for Brunswick Corp. in establishing it as an aggressive, fast-moving company gives an insight into the way a PR company goes about getting stories in key publications-a major chore in most PR

The goal was to build an image of Brunswick as a company on the go-no longer merely a 115-year old bowling

equipment outfit but an increasingly diversified company. Edelman's aim was to place stories, constantly reinforcing this image, in as many national publications as possible.

· Tailored-In terms of technique, the PR approach was to alert top editors to legitimate news stories about the company, but with each query tailored to the magazine's or newspaper's special

editorial needs.

· To sell such a story to Fortune, Edelman gave Fortune's district editor a four-page memo outlining six possible Fortune story lines-including diversification of a bowling company, a personalty piece on Pres. B. Edward Bensinger as the sportsman turned business genius, or the sudden emergence of a quiescent company as a corporate giant. Once Fortune decided to go ahead, Edelmen helped set up interviews, dig up data for the editors.

· For Sam Dawson, Associated Press syndicated columnist, PR suggested a column based on news that bowling had become a billion-dollar business. This was to be announced by Bensinger at a New York press conference, with Dawson getting the ma-terial ahead of time for a column re-

leased that day.

· For the New York Times, Edelman suggested a personality piece on Bensinger as one of the paper's regular

Sunday business page profiles.

• For the Wall Street Journal, Edelman proposed a story on the booming school equipment industry pegged to a convention of the American Assn. of School Administrators in Atlantic City. At the convention, PR helped arrange interviews with Brunswick officials and others. The resulting industry story gave Brunswick top play.

· For Life, an Edelman associate conceived the idea of converting a classroom over a weekend to highlight the possibilities of classroom modernization as well as the versatility and utility of Brunswick furniture-and Life liked it. Edelman suggested stories to the Christian Science Monitor, New Yorker, and BUSINESS WEEK that also clicked.

• From Buildings to Stationery-Actually, corporate image building simply means putting some PR thinking into every aspect of company operations from letterheads to company buildings. Container Corp. of America, deciding to made itself known as a company both tasteful, resourceful, and design-conscious, redesigned everything from checks to delivery trucks, and sponsored a major ad campaign featuring the "Great Ideas of Western Man."

The corporate symbol can be anything. Connecticut General Life Insurance Co.'s new contemporary headquarters near Hartford aims to symbolize streamlined progress to stockholders, solidity to policyholders. Borden Co.



Panning out along the Pacific



Up and down the Pacific Coast, a great new economy is emerging. Right there growing with it is Gen Tel.

In the West Coast areas served by General Telephone, population is expected to double in the next ten years. This will call for new homes, new towns, new telephones, and generate a vast increase in traffic over existing telephone lines.

This same sort of growth is taking place in the rapidly expanding areas Gen Tel serves in 31 states.

For our part, we will see to it that more and better telephone service will be ready, wherever and whenever it is needed.

At General Telephone, we constantly strive not only to meet today's communications needs, but to answer tomorrow's.

General Telephone & Electronics Corporation, 730 Third Avenue, N.Y. 17.

TELEPHONE & ELECTRONICS GENERAL





OPERATION

(or how problems are solved



A TALL ORDER WAS FILLED, when this huge grain elevator was painted with masonry finishes based on PLIOLITE S-5. The alkali- and weather-resistance of these finishes assured a maximum return on the investment in materials and labor plus no worries for the paint manufacturer.



FABRIC IMPROVEMENT—SIDE UNSEEN—was accomplished, when one manufacturer backed his upholstery material with a coating based on PLIOLITE LATEX. Shape retention, body, drape and resistance to wrinkling, raveling, tearing and snagging—all were improved permanently.



WRAPPING UP A GIANT, wooden structural arch calls for unusually tough, reinforced, laminated paper. PLIOLITE LATEX is used as a plasticizer in the laminating adhesive because of its lasting flexibility, excellent adhesion, moisture resistance and nonstaining qualities.



ONE SPECIES OF MAN-MADE MINK owes its success, in part at least, to a back-size based on a blend of CHEMIGUM and PLIOVIC latices. This latex backing provides essential body, pile lock, dimensional stability, flexibility and resistance to raveling on a long term basis.

Take a look at the pictures and captions on these pages. They are but a few examples of how the products and services of our Coatings Department are solving problems for manufacturers in a wide variety of fields.

Please note we said, "products and services." For it's our firm belief that chemical raw materials cannot be properly used—and solutions reached—without the services of thoroughly trained sales representatives and a corps of technicians continually at work in sales service, development and research laboratories.

Stop for a moment and consider where you may be able to use to advantage one of the products described here. Perhaps



Lots of good things come from

GOOD

LIQUIDATION

with Goodyear resins or latices)



PAPER PROFITS BECOME A REALITY, when the base stock is saturated with a combination of CHEMIGUM and PLIOLITE latices. Much greater toughness and internal strength plus unusual flexibility and tear resistance result, giving the manufacturer a top-quality paper tape.



SETTING THE PACE IN FASTNESS is no problem when textile printing inks are modified with CHEMIGUM LATEX. Added to resin-bonded pigments, the latex helps form a protective coating which locks in the pigment particles, greatly improving fastness to crocking, or abrasion.



WHEN "SPLATTER" IS THE MATTER under consideration, as in multicolored finishes, the resin to use is PLIOLITE VT. As one manufacturer discovered, this unique resin permits good "splatter" formation, greater hiding power and easier application using lower cost, safer solvents.



MUCH OF THE SUCCESS of tufted carpet can be laid to the back-size which anchors the tufts and adds much to its body and dimensional stability. Manufacturers base backings on CHEMIGUM LATEX to obtain long term age-resistance, good loop bind and resistance to cleaning.

PLIOLITE S-5 (the high styrene resin so widely used in masonry paints) can give you a better ink or a stronger adhesive or the specialized paper coating you've been looking for. Or maybe PLIOLITE VT (another copolymer resin especially suited for multicolored finishes) will work better for you.

erly

hor-

ans

rch

e to

aps

On the other hand, it may be that an aqueous dispersion is better suited to your needs. The PLIOLITE styrene rubber and resin latices find application in a wide range of textile and paper products and in adhesives, dipped goods or foamed products. And if you need oil- or solvent-resistance, there's the line of CHEMIGUM (nitrile rubber) latices which can be used alone or with PLIOVIC (vinyl) latices for a variety of binders and coatings.

If you think you can profit from a sample of our products and services, why not call your special representative today? Or write Goodyear, Chemical Division, Dept. S-9415, Akron 16, Ohio.





In more ways than one, today's home is literally in the hands of electricity. And as artist Ned Seidler visualizes, it needs the kind of protection the Walker panelboard offers.

ELECTRIC MUSCLES POWER THE MODERN HOME

Remember when doing the laundry was an all-day, wife-killing chore? Remember when open windows were the only weapons against summer heat? Remember when your refrigerator was called an "icebox"? Remember when home was a place you had to go out of to have fun? Today we have the automatic washer and dryer...air conditioning...home freezers... television...and backyard swimming pools. Electricity provides the muscles for all of them. So you never want to lose your electricity, even for a little while. And I-T-E's subsidiary, Walker Electrical Co., builds electric panelboards that protect your electric circuits. They use tiny I-T-E circuit breakers to open quickly in case of short circuits or overloads... prevent

risk of fire. Then by simply flipping a toggle, you can bring your power back fast. In homes, factories, stores, schools, offices . . . in fact wherever electricity is used . . . the products of I-T-E help to make it more dependable and more efficient.

Divisions: Switchgear • Small Air Circuit Breaker • Transformer & Rectifier • Special Products • Greensburg • BullDog Electric Products • Victor Insulators • Kelman Power Circuit Breaker • Subsidiaries: The Chase-Shawmut Co. • Walker Electrical Co. • Wilson Electrical Equipment Co. • In Canada: BullDog Electric Products Co. Ltd. • Eastern Power Devices Ltd. • Canadian Porcelain Co. Ltd. • Headquarters: Philadelphia, Pa.



I-T-E CIRCUIT BREAKER COMPANY

has spent millions creating its image around friendly Elsie, the Cow.

· Buildup for Brass-Sometimes public relations efforts concentrate on enhancing the stature of the corporate brass rather than the corporation's prestige. Benjamin Sonnenberg, for example, helped give Charles Luckman, former president of Lever Bros., a tremendous buildup as the prototype of the brilliant supersalesman.

A PR man was also partly responsible for the emergence of Benjamin Fairless, then president of U.S. Steel Corp., as a national figure. In 1950, Phelps Adams, fresh from the New York Sun's Washington bureau, wrote a Fairless speech as one of his first jobs with the Corporation. A strong attack on "jugglers in Congress attempting to alter U.S. business economics," it got wide coverage and acclaim, helped launch Fairless as an industry spokes-

Much of the credit for the successful development of Henry Ford II, a rather shy, unknown young man when he took over Ford Motor Co. during World War II, into a well-known industrial statesman goes to Earl Newsom. That process, bringing out Ford's own sizable talents, and seconded by such family projects as the Ford Foundation, began with a series of speeches and letters right after the war.

First, in 1945, during a long bitter strike at GM, Ford sent a letter to the United Auto Workers, arguing that though Ford, since 1941, was the model of an enlightened employer, it had had 773 work stoppages. He asked for "the same degree of security as we have given the union itself." The letter's sober, judicious tone, at a feverish time, got an excellent press.

Then in January, 1946, Ford spoke before the Society of Automotive Engineers on The Challenge of Human Engineering. A subsequent speech before San Francisco's Commonwealth Club against coercive labor practices had the members standing in the aisles.

Helping to Sell

PR can also play a sizable role in helping to sell products. Often, smart public relations can be more useful and much cheaper than advertising in getting a product better known or halting a slide in a product's sales.

Edward Gottlieb & Associates took on the assignment of getting Americans to buy cognac after it was found that most Americans knew and cared little about it. One strategy was to make sure cognac appeared at the right places. It was distributed free at gourmet dinners, to food editors, to Santa Clauses shivering in the Christmas cold, at the White House, to TV



JAMES W. COOK, 55, vice-president, public re-lations, at AT&T, joined the Bell System on graduating from Yale in 1929. His career took him to various Bell companies. He returned to parent company in 1954, has held present job over a year.



PHELPS H. ADAMS, 57, U.S. Steel Corp. vice-president for public relations, long was Washington correspondent for the New York Sun before joining U.S. Steel in 1950. His speeches for Benjamin F. Fairless won immediate recognition in company.

cooking programs. Each distribution got a fanfare of mentions in newspapers and magazines. Obviously, this had much to do with the tripling of cognac

 Hats—Communications took on a similar job for the Millinery Institute of America a few years ago. Dollar sales of millinery had dropped and showed no bounce. So CCI set out to make hats synonymous with fashion and famous people.

Hats were given free to fashion models, fashion editors, movie stars, TV performers, society girls. Marilyn Monroe and Mrs. Eisenhower were two of many well-known people photographed for national magazines with hats perched on their heads. This stream of stories, pictures, and film conveyed the impression of an inseparable link between the pates of well-known women and hats. Hat sales began to perk up.

· And Furs-The fur trade had a similar problem. Fur sales had gravitated almost exclusively to mink. The Fur Information & Fashion Councilformed by manufacturers, union locals, dealers, and others-wanted to make the cheaper furs, such as rabbit, muskrat, beaver, fox, more popular. It also wanted to get young girls interested in furs-for it found their notion of furs was limited mostly to mink, which they thought of as too expensive.

Ruder & Finn tackled this problem. Its first approach was the idea of a Young Designers' Council. It commissioned six famous designers, who had never gone into furs, to design collections of furs for young adults, using the neglected furs, and with the cost of each piece limited to \$750. The collections were given to designated manufacturers to produce, and the patterns were made available to the industry

R&F publicized the designers and designs widely, got top stores to show off the designs, helped some to set up



KERRYN KING, 42, Toxaco vice-president in charge of employee and public relations, was 1939 journalism gradu-ate of Southern Methodist University, He got into PR at Consolidated Vultee; was ten years with Hill & Knowlton;



CHARLES F. MOORE, JR., 57, is vice-president, public relations and ad-vertising for Ford Motor Co. He was newspaperman, executive assistant to Massachusetts gover-nor, partner of Earl Newsom. He has served as special consultant to Pres. Eisenhower.

Young Fur departments, sent out materials showing retailers how to sell, advertise, and promote these furs. There was also Fur Topics, published every six weeks, and a Miss Fur Coed on nine college campuses.

Results are difficult to measure, but sales of non-mink furs have fared better, and the trade has become excited about

their sales prospects.

· Music, Too-For the American Music Conference, Philip Lesly Co. undertook 13 years ago to get sales of music instruments to keep pace with growth in population, incomes, and leisure. Lesly aimed at educators and parents both, with movies, pictures, and stories by the hundreds stressing the advantages of giving children music and of music for adults' leisure. New methods of teaching music were sponsored, workshops conducted for teachers.

The effort helped create a major turnaround in the sale of musical instruments.

• Rescue Operations-Often PR gets called in on an emergency basis to help rescue a company that sat down on a hot seat. In some cases PR can help, but usually there's not too much that can be done. Yet PR practitioners sometimes selfishly welcome such events, feeling that the best long-term relationships with a company develop in such situations.

Probabaly one of PR's best finger-inthe-dike jobs was during the tobaccolung cancer scare several years ago, when the tobacco industry brought in Hill & Knowlton. H&K helped set up the Tobacco Industry Research Committee, run by prominent scientists and based on the premise that there is no conclusive proof cigarettes cause cancer, but that the industry has an obligation to get the full facts. The committee spends several hundred thousand dollars a year on research grants for cancer study. Whenever a report comes out tving lung cancer or heart disease to

PR Decisions Cover a

AN INDUSTRY PROMOTION

To fight growing competition of aluminum and other products, the American Iron & Steel Institute called on its public relations counsel, Hill & Knowlton, to help devise the institute's first promotional program in its 50-year existence. It aims to promote steel at the consumer level through the Steelmark design on consumer products, heavy advertising by companies, TV and radio materials on steel.



AMERICAN IRON & STEEL INSTITUTE - Executive Vice-Pres. Max D. Howell of Institute (left), with John G. Mapes of Hill & Knowlton, Pres. Benjamin F. Fairless of Institute, John W. Hill of Hill & Knowlton, and John H. O'Connell of Hill & Knowlton (back to camera).



AMERICAN CYANAMID CO. – Executive Vice-Pres. George R. Martin (seated, right), with PR director William A. Durbin (left), Thomas D. Yutzy of Dudley-Anderson-Yutzy (standing), and Gen. Anthony C. McAuliffe, vice-president, public relations and personnel.

A HEADQUARTERS MOVE

The coming move of American Cyanamid Co. headquarters from New York to a new multimillion-dollar building at Wayne, N.J., involves many personnel and community relations decisions. Top management turned for advice to its own PR men and to Dudley-Anderson-Yutzy. It's developing an intensive program to acquaint Wayne residents with company, inform and assist 1,500 people to be transplanted to Wayne.

smoking, it's quick to issue a statement reminding everyone that all the scientific facts aren't known and more research is needed.

Legislative Problems

Helping companies with legislative problems—another major PR chore can be even more ticklish, but often quite successful.

In 1954 Benrus Watch Co. called in Arthur Newmyer when—along with other watch importers—it found itself hit on all sides by tariff problems, antitrust suits, and heavy pressure from domestic manufacturers. Newmyer advised it to form a trade association with other watch importers and hire a lobby-ist. Newmyer helped develop argu-

ments against curtailing imports, and spread information in the right quarters. The upshot was reversal of a previous government ruling that domestic watchmaking was essential to national defense. This reduced pressures for higher tariffs or quotas on imports.

• Classic Case—The job Carl Byoir did for the Eastern Railroad Presidents Conference several years ago is almost a classic in how PR can influence legislation. Byoir's job was to help the railroads battle increased trucker competition. A specific goal was to get the Pennsylvania governor to veto a bill to increase the weight of trucks using the state's highways.

Byoir aimed at dramatizing crowded highways, their heavy costs to the average citizen, and highway damage by trucks. Because the effectiveness of the campaign depended in part on keeping the railroads in the background and avoiding the look of an inter-industry brawl, Byoir used the so-called "third-party" or "false-front" technique. News releases went out from such groups as the Pennsylvania Grange and the Assn. of Township Supervisors.

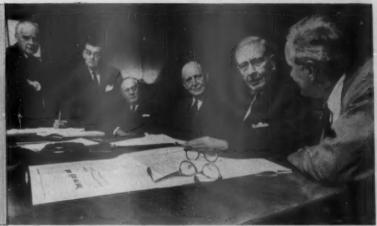
The governor, faced on all sides by apparently mounting demands to curb truckers, vetoed the trucker bill.

But Byoir later found itself, along with the railroad conference and 26 Eastern roads, on the defendant end of a \$250-million suit by the truckers charging conspiracy to violate the antitrust laws. A U.S. District Court judge in 1957 found the defendants guilty, and imposed an \$800,000 fine—now

Broad Business Range

A TICKLISH LABOR PROBLEM

A series of newspaper advertisements giving Carrier Corp.'s side during a strike this spring at its Syracuse, N. Y., plants — and the company's over-all community relations program — are the problems PR counsel Selvage & Lee is helping Carrier decide on here. The intensive community program in various cities operates through a top-level Carrier Council, a supervisory Cabinet, and an employees' Forum.



CARRIER CORP. - Carrier's Vice-Pres. (Corporate Relations) William T. Lane (left), at meeting with Pres. James Cope of Selvage & Lee; Carrier directors William T. Brady and LeRoy A. Petersen; Carrier Chmn. Cloud Wampler; and Chmn. James P. Selvage of S&L.



A CORPORATE NAME CHANGE

As Bendix Aviation Corp. diversified more and more into nuclear products, electronics, and so on, its PR counsel, Carl Byoir & Associates, recommended a name change along with specific steps of a public relations nature to implement it. One is a change in the mural in the board room, where officers are here discussing a brochure to reintroduce the "Bendix Corp." to its various publics, in old and new lines.

BENDIX CORP. — Vice-Pres. and Treas. W. H. Houghton (left), with J. B. Gordon, general attorney; Pres. M. P. Ferguson; George Hammond, president of Carl Byoir & Associates; W. A. Mara, Bendix director of advertising and public relations; Secy. H. A. Gossner.

under appeal. He noted that one basis for his decision was Byoir's devastating public relations and lobbying

 Gas Battle—In terms of money spent, the job Hill & Knowlton did for the natural gas industry to get Congress to pass a bill freeing natural gas producers from federal price controls has very few rivals.

Over 17 months, H&K received \$1.7-million from its client, the Natural Gas & Oil Resources Committee, including \$400,000 for retainer and staff charges. At one point, H&K had 16 people on the account, plus the services of some 3,000 industry volunteers. The campaign included a massive amount of material, and personal calls on top editors. H&K arranged for an answer

to every editorial or statement opposing the industry's stand.

By midpoint in the campaign, H&K could list 6,300 speeches, 290 TV presentations, including a special industry. film, 475 radio broadcasts, 7,700 contacts with newspapers daily and weekly, 5.5-million pieces of literature.

In the end the bill passed Congress, but Pres. Eisenhower vetoed it because an effort had been made to influence a senator's vote—something H&K had nothing to do with.

 Inexhaustible—All in all, PR has a hunting license in a literally inexhaustible range of activities. The public relations department of one large Eastern oil company discovered that at one refinery the highest job a Negro could hold was that of assistant truck driver. PR took on the job of selling management on hiring Negroes, then selling white employees on working with them—a job still going on. The company will hire its first Negro secretaries at its headquarters this year.

When North American Aviation a couple of years ago won the B-70 bomber and F-108 supersonic fighter contracts, PR suggested subcontracting the work as far as possible geographically, and giving wide publicity to the fact. The idea was to insure against axing of the contracts in a changing defense setup, through a hue and cry from widely scattered congressmen and community leaders. As it turned out, the F-108 was canceled and the B-70 cut back to a couple of prototype models. But PR was right to this ex-



BERT GOSS, 53, (left), president, and JOHN W. HILL, 69, chairman of Hill & Knowlton, Inc., run one of the biggest PR firms, with many trade association as well as company clients. Hill started out as a reporter, financial editor, and columnist, later did PR for the American Iron & Steel Institute, still an H&K client. Goss holds a dector's degree from New York University, was professer of finance, reporter, business editor of Newsweek.



Three men heading up the big PR counsaling firm of Dudley-Anderson-Yerry are (from left) PRNDLETON DUDLEY, 83, one of the deems of the PR field; GEORGE ANDERSON, former New York newspaper man, and THOMAS D. YUTZY, 56, also a veteran newspapermen. Dudley established Pendleten Dudley & Associates in 1909 after a hitch as newspaperman and teacher. Andersen jelned the Dudley organization in 1937; the three man formed the present firm in 1946.

tent: It was the most unpopular cancellation the Air Force ever made.

Stubbed Toes

For every couple of times PR has been successful, it has had its share of duds. Few of these ever come to light,

though.

Du Pont's PR department, for example—successful in such things as killing the idea of a family-owned company through a barrage of publicity on the number of the company's stock-holders—stubbed its toe on some advice to management after World War II. With postwar nylon for civilians bound to be scarce, the PR department advised against raising the price, proposed rationing the supply as fairly as possible to customer mills. Still nylon got on the black market and du Pont got blamed for hosiery priced at \$5 a pair.

• Oil's Handicap—The PR campaign of the American Petroleum Institute to endear the industry and some of its pet legislative projects to the public has never done too well outside of oil producing areas, despite the millions spent. The Institute has not been able to win massive public favor for oil depletion allowances or erase from many people's minds the picture of most well-to-do oilmen as free-wheeling Texas types.

One handicap to the Institute is in differences of opinion and bickering within the industry. And it will take more than the dozen or so years the Institute has spent at it to blot out the bad public relations created by the Coal Oil Johnnies and oil monopolies decades

• Cincinnati Experiment—The Cincinnati experiment—a six-month saturation campaign in 1947-48 to make the city fully aware of the United Nations—shows how hard it is to change deep-seated opinions. The drive made full use of all media—press, radio, film, meetings—

along with schools, churches, other groups. One radio station alone had spot programs 150 times a week.

Yet at the end there was almost no change in knowledge of U. N. purposes or views on it. In fact, criticism of the U. N. had actually grown.

• Steel's Gaffe—Even the steel industry, generally given a good mark for its PR in recent years, is not immune to a PR gaffe. One occurred during last year's contract negotiations with the United Steelworkers (BW—Oct.24'59,p31). It was probably less a reflection on PR efficiency than on failure of management to alert PR to a change in strategy—a problem not at all unique.

The steel companies' carefully prepared pre-strike campaign was pitched to a theme of resisting "inflationary" demands by the union, and had a de-

cided impact.

But the work-rules issue, on which bargaining foundered, had not been researched by PR and was thrown later into the negotiations by the steel negotiating committee with scarcely a word to the industry's PR staff.

One industry PR man recalls that he learned work rules were the issue from the front page of a newspaper as he boarded a plane to New York.

"We did our homework on inflation, on foreign competition, and on the status of the American steelworkers," he says. "But we had not done any homework on work rules. I believe every PR man in the industry told them you couldn't sell the 2B (work rules) thing, but we had no influence whatsoever. As you know, we fought and lost on 2B."

In a Dozen Flavors

Obviously, corporate public relations have a large and inescapable place in today's business life, whether in creating and maintaining a favorable corporate image, easing the acceptance of corporate products, or smoothing the rough edges of governmental relations. It may not be so evident at first glance that the quality, shape, and flavor of company and industry PR vary all over the corporate and geographic lot.

Partly this is due to the myopia of some companies regarding PR, partly to the second-rate standing of many PR practitioners, and partly to the fact that PR is still in the teen-age stage. The result is corporate PR practices ranging from awkward to superb.

Regional—There are even striking regional differences. In New York City, PR is big and slick and often becomes a thick wall insulating management from the public. In Chicago, on the other hand, an inquiring reporter can and often does go direct to the company president for information.

In Milwaukee, headquarters for many old, conservative, and family-owned companies, many executives still go on the theory that "the best PR is no PR." In Cleveland, many older company executives act as if PR is a disease you have to be exposed to but try to get out of with the lightest dose possible.

• Patterns—There are industry patterns, too. Electric utilities and telephone companies jumped in early, are mostly old and expert hands. A spanking new and hot growth industry like electronics has also latched on to PR in a big way—partly to make company products well known in a highly competitive market, partly so that companies can become well enough established to go to the financial markets for money. Oils and chemicals show a scrambled picture, with some companies excellent, some secretive.

Individual company differences are likewise startling. Brunswick Corp. and GE are aggressive about their PR operations; Sears, Roebuck takes a protective stance, tries to keep to routine announcements. Howard Hughes expects PR to draw a cloak of invisibility about

his operations.

• Split Personalities—Some companies even have split personalities on PR. Gillette Co. will deluge New York newspapers and magazines with material on new products such as its new blue blades; vet a reporter contacting Gillette headquarters in Boston may find it difficult to get the time of day.

Motion picture studios suffer from the same affliction. Film executives will wax cloquent on the subject of new films and stars, but quake in their boots if someone wants to do an independent reporting job in the area of movie company finances or management.

In still other cases PR emphasis goes through violent swings. Chrysler Corp., for example, because of its history of having once been operated by a lawyer, a former bank cashier, an engineer, and a suspicious plant boss, has had a large

hate interruptions...

tell me by telegram!

It's my way of doing business...swift, clear and in writing. With the right facts and figures in front of me, I can act fast. And you'll save time and money, too!

WESTERN UNION

complement endorsing the "tell 'em

nothing" approach.

When L. L. Colbert, an outgoing extrovert, took over as president in 1950, Chrysler swung around in press and public relations until it had the openest doors in town and some of the hardest-working, most talented PR people. This reached its zenith in 1955, a bangup year for Chrysler. Then Chrysler started losing competitive position, some personality problems cropped up in the PR department, and the pendulum swung the other way again.

Growth Pains

As it digests its tremendous growth of the past two decades, corporate publie relations is going through the same thrashing-around period that other management services have gone through as they matured. This shows up in management-PR relations, and in much soul-searching on problems of ethics and professional status.

The main culprits for the tremendous peaks and valleys in PR practice and approach, for example, tend to be a lack of clear goals, and failure of management and PR to communicate on the

same wave length.

· PR's Gripes-At any cocktail party of PR men, vou'll hear a mile-long list of complaints against management. One standard criticism is that management too often believes it has great week my boss called me in to peddle what he thought was a hot story to a newspaper. He was 100% wrong. No editor in his right mind would use itand I'd be embarrassed to suggest it," says one PR director. Such stories are legion.

Another complaint is that management often fails to let PR know what's

Jersey Standard's system of regular contact between PR director Schackne and board member Shepard is one of the formalized ways in which companies grapple with this problem. But it's hard to lick. When Jersev Standard a few months ago, for example, announced it was wrapping up several domestic companies into a new Humble Oil & Refining Co., PR didn't get word until the decision was made, then simply was told to distribute the news.

'In other companies-Borden and IT&T, for instance-PR departments cover corporate headquarters as a newsbeat-checking periodically with officers

on what's going on.

• And Management's - Management has its own sizable string of complaints:

· It says many PR men have only a spotty idea of the company's operation and its industry and economic setting. "Some of our people find under-



GERRY SWINEHART, 56, (left), is chairman, and GEORGE HAMMOND, 52, is president of Carl Byoir & Associates, one of the country's largest public relations counseling firms, with some 250 employees and a string of company and trade association clients. Swinehart joined Carl Byoir in setting up the firm in 1930, after four years as director of advertising and pub-licity for Palm Beach and West Palm Beach, Fla. Hammond joined the Byoir firm in 1932.



T. J. ROSS, 66, became associated with Ivy Lee, public relations pioneer, in 1919, is new senior partner in Ivy Lee & T. J. oss. Before going into public relations, he was reporter for several New York newspapers. He also is a director of some client companies.

standing our balance sheet as tough as a problem in calculus," says the presi-

dent of an Ohio company,

• It complains that PR men often don't come to grips with the company's real problems. "My PR man came in the other day to chat about some sort of super-duper plant opening he had in mind," says a corporate chief. "What I need help on right now is labor relations. Why doesn't he figure out some super-duper plan there?

· It feels PR sometimes fails to understand that while management is sensitive to public opinion and wants to woo its publics, there are times when it must disregard PR and the public. "Our public image is important, but first we have to make sure we're going to stay in business," says one executive.

Measuring the Product

PR's growing pains also show up in a search for more precise ways to measure its effectiveness. When its objectives are clear and can be measured at the polling or market place, the effectiveness of public relations can readily be grasped. Most of the time, though, it's difficult or impossible to gauge PR's impact, and its practitioners are usually hard-pressed to prove results.

Fat press scrapbooks of clippings are still the prevalent vardstick. Yet most PR men admit its inadequacies. "It's not proof that anyone read or believed the stories, or that they created or confirmed a favorable attitude," says

· Sampling-This has precipitated sizable interest in use of public opinion sampling to help measure PR effectiveness. This type of work is still in its infancy, for a number of reasons.

· It can be costly compared to the over-all expense of the PR program. "The only real way we can find out the magnitude of our problems and whether we are making progress is to use surveys



JAMES P. SELVAGE, 57, is board chairman of PR consulting firm of Selvage & Lee; it has won special fame in handling PR in proxy fights. He is chairman of Lano lin Plus, Inc., and served with Republican National Committee in 1943-

to check us at various points," says James Kane, of CBS. Yet such survevs might easily run to \$10,000, chew up much of the cost of a PR program.

· Techniques for measuring public opinion in PR areas need much refinement. It's hard to nail down changes in public opinion due exclusively to public relations efforts rather than to advertising programs, changes in company policy, or changes in the political and economic environment. Burns Roper of Elmo Roper & Associates feels the job sometimes is only slightly easier than "measuring a gaseous body with a rubber band.

Still, pollsters have been able to refine their techniques to the point that such companies as GE, AT&T, Jersey Standard, and U.S. Steel use a fair amount of public opinion sampling, and get more into it each year.

AT&T uses surveys to discover what part employees' attitudes play in effective PR. GE has used polling since 1946 as part of its community relations program. Socony-Mobil hired opinion surveyors when it was contemplating its change of name from Socony-Vacuum several years ago.

Ethical Tightrope

Some recent blasts from outsiders have helped make the subject of ethics a very hot one for PR practitioners. The Public Relations Society of America, sensitive on the point, only recently approved a new code of ethical conduct that forbids its members the use of such practices as "false-front organizations" to disseminate material.

· Indications-Just how widespread unethical practices are in public relations is impossible to determine. There are enough cases, though, to indicate it exists-cases of newspapermen put on PR payrolls or carted off on junkets that were thinly disguised pavola; of Christmas largesse far beyond normal



Motorola . . . the communications specialist to industry for nearly three decades



id of

ob

at ey iir

g,

C-

ns

its

he

tly

ct

ch

ns ire

it

ets

al

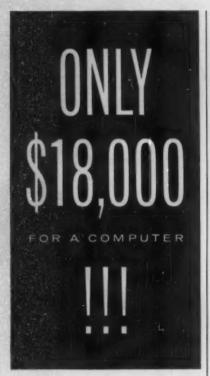
60

MOTOROLA 2-WAY RADIO

Motorola Communications & Electronics, Inc., 4501 Augusta Bivd., Chicago 51, III.

A Subsidiary of Motorola Inc.

SPaulding 2-6500



...that possesses the mathematical logic of giant computers, yet is easy to operate and program...requires no site preparation or technical personnel...performs engineering, scientific and business computations automatically and with electronic speed. Iterates, compares, branches and handles sequences of complex operations. If you use as few as 4 desk calculators for the same job, the new Clary DE-60 can save you thousands of dollars every year!

To find out more about this versatile computer, simply mail in this coupon. No obligation, of course.

Franchises available to qualified principals.

Clary	Clary Corporation * Computer Division Dept. 8W-3 San Gabriel, Calif. Please send me complete information on your new electronic computer, the DE-60.
Name	
Company	Position
Address	

*In Canada: Computing Devices of Canada, Ltd., Ottawa, Ontario seasonal generosity; of inaccurate press releases and distorted research. And, of course, there are many borderline cases.

Not long ago an airline association sent out a news release indicating that transatlantic fares had been reduced, when the facts—as some publications discovered—were that the fares generally had been increased.

In another recent case, a PR firm planned to survey school administrators on use of its client's products—supplies for schools—with the aim of incorporating this material in a booklet. Any useful ideas (ones the PR outfit desired) were to show up in the booklet along with the name of the person suggesting them. Ideas that were wanted but not suggested by any of the people surveyed would go in as "a synthesis containing elements from the recommendations of many."

The booklet was then to be issued under the imprimatur of an educational "front" group to give it more validity and impartiality. After an interval, the client company was to "discover" the booklet (in order to protect the integrity of the "front" group), and the client as the good friend of the school men would distribute it to educational leaders. It would also be used as a "research" document for placing articles.

• Not Immune—The truth is that PR is no more immune than any other business to unethical operators and shoddy practices. Just how far a PR practitioner will stretch his conscience depends on his own and his client's ethical threshold. Often, the practitioner has to walk a tightrope between what his client wants, what his conscience says, and what the media want.

One big reason for sensitivity to ethical problems is that a misstep can have terrific repercussions. A PR man who gives the press bad dope or in-accurate information will soon find his releases winding up in wastebaskets, himself persona non grata with any publication, and his company's name slowly disappearing from public view.

• Screening—This matter of ethics has taught some PR firms not to grab all clients and their claims with open arms; they find clients sometimes don't give all the facts, may even hold back key information. One PR firm learned a year after it had done a bangup job publicizing a drug compound that the drug had serious aftereffects.

More careful screening of clients also seems sound business. Many firms find it hard to take on an account or client representing a political or economic viewpoint at odds with that of their staff. Several counseling firms a year ago turned down the lucrative Dominican government-Trujillo account. "My staff would walk out on me," says one PR counselor.

PR firms have also turned down

companies with dubious reputations because the association wouldn't sit well with other clients. "No blue chip company wants to be bracketed with a sharpshooter," says Ward Stevenson, president of General Public Relations.

 Only the Favorable—It's also thrown up to PR practitioners that by the very nature of their work they distort, simply by communicating only favorable information about their clients or companies.

By and large the charge is true. Obviously, while Ford's PR department may have spent a lot of time and money ballyhooing the Edsel and the \$250-million Ford spent on it, it didn't have the same interest in telling of Edsel's flop. The same is true of personnel firings, intercompany squabbles, product duds.

PR practitioners and company management take the position that remedying such an unbalance of news isn't their worry but the responsibility of the press. "We don't give people the keys to the treasury, nor do we feel we have to tell people everything about the company," says one executive.

• Status Worries—PR's growing pains show up not only in ethical worries but in a hypersensitivity to status. In one form this comes out as a drive to get PR labeled a profession—even to assure professional status through state licensing of PR practitioners, as doctors, for example, are licensed.

Achievement of such an all-out professional status is doubtful—at least over the next decade. One obstacle is that a professional usually has a body of knowledge and skills that can be measured—and so far, PR skills seem to be too amorphous. Many in the field regard this itch for status as a silly reaching for prestige. "You don't become a professional by setting up a code," says Morris Rotman of Harshe-Rotman. "It's a matter of how you conduct yourself."

There's some consolation for PR men, though, in the comment of a Dallas executive, aptly summing up management's regard for PR: "I don't care if my PR man is a professional, workman, tradesman, or practitioner of black magic. All I know is that I need him."

REPRINTS AVAILABLE

Single copies of this special report will be available in about four weeks to BUSINESS WEEK subscribers upon request without charge. Other copies will be billed at 50¢ each. Prices on quantity orders on request. Address orders for reprints to Reprint Dept., Business Week, 330 West 42nd Street, New York 36, N. Y.



SUPPLYING THE INDUSTRIES OF THE WORLD

FUJI IRON & STEEL CO., LTD.
Nihonbashi, Tokyo, Japan Cable, STEELFUJI TOKYO

Gate of Nijō Castle in Kyoto, Japan

This picture shows a part of the gate of one of Japan's oldest castles - Nijō Castle - completed in 1603 and still standing in Kyoto, the old capital of Japan. The wooden part of the gate has shrunk, leaving the hard grains protruding ... but the Iron decorations are still intact. having withstood all kinds of weather for more than 350 years. The same old tradition of fine workmanship and over 100 years of experience, together with the most modern facilities. have made Fuji Iron & Steel the most renowned iron and steel concern in the For East.

Wages to Squeeze Rails Harder

Another round of pay increases is virtually inevitable. Can the rails pass the added costs along?

Some roads think earnings ultimately would be hurt worse by rate increases that drove business to competitive transportation. Others see no alternative.

Meanwhile, many roads are preparing for the storm by pressing into diversified ways of earning money.

The nation's railroads, many of which are already hard-pressed financially, are likely to be stuck with a \$200-million addition to their annual wage bill. That's the prospect if the 4% wage increase pattern (BW-Jun. 18'60,p54)-recommended by a federal arbitration panel and accepted by most of the leading brotherhoods-is adopted by all 126 classes of railway labor.

This week, somewhat belatedly, rail managements were starting to map strategy on how to raise the cash. Already, a basic division among the major carriers

has cropped up:

· A few major Eastern roads, led by the Pennsylvania, are pushing for a general freight rate increase, roughly proportionate to the wage hike. Commission Commerce seems to lean to this approach.

· The majority of the nation's railroads, however, are dead set against this. They feel that, in the long run, it would lead only to less freight, less

· Stuck Either Way-Whatever is thrashed out in the railroad rate bureaus, there are bound to be effects on freight rates, as well as on rail earnings and

capital spending.

Earnings of the Class I roads already are disappointing. Six months ago, rail analysis confidently predicted aggregate earnings of at least \$750-million; now, \$700-million is mentioned most frequently. This is certainly better than the \$574-million racked up last year when the steel mills were closed for most of the second half, but the outlook for 1961 is that earnings will drop below this year's rather disappointing level. Though the \$200-million wage in-

crease doesn't loom large in terms of gross earnings, it amounts to more than one-third of last year's net income after charges, and well over 25% of the net income estimated for this year. It will have its heaviest impact on roads that have a high ratio of wages to total expense, particularly the Eastern roads. The extent of the problem is even clearer when you look at the size of the additional wage bill for individual roads. The Pennsy estimates an annual hike of \$20-million; the Union Pacific says \$9.7-million; the Baltimore & Ohio

guesses \$9-million.

It's still uncertain how much out of the increased wage costs the railroads are going to be able to save through reductions in "featherbedding" (BW-Jun.25'60,p62) and cuts in work force. The Assn. of American Railroads claims, for example, that if firemen were eliminated from diesel locomotives-as is gradually being done in Canada-the total saving would come to \$230-million. But the roads' chances of achieving savings on this scale in the negotiations on the work rules, which start early next week, are considered slim.

· A Losing Game-"Every wage increase," says an official of the Assn. of Western Railways, "hastens the day for mergers, technical improvements, and service cutbacks. There are only so many dollars available, and we have about reached the limit on rate increases. In the last analysis, the money for the wage hikes will have to come from improvement in operations and from reductions in employment."

Clyde J. Fitzpatrick, president of the Chicago & North Western, puts it more succinctly: "The only place the money can come from to offset the wage in-

creases is the work rules.'

The North Western, like other roads in the area, is "much opposed" to a general increase in freight rates. "Over past years," says Fitzpatrick, "the policy has been that every time labor got an increase, there was an increase in rates." Now, competition from other carriers precludes a wage increase and, says Fitzpatrick, "if the brotherhoods want to retain jobs, they must amend the work rules.

I. Building Revenue

The only source of new revenues in a hurry is the rails' traffic departments.

There's always a chance that the Pennsy will be able to ram a general rate increase through ICC, despite the objections of most other carriers and virtually all shippers. If this happened, there would, of course, be a short-run increase in freight revenues. But over the longer pull, there's general agreement that it would only accelerate the diversion of rail tonnage to the highways and the

• Falling Behind-Frank C. Tighe, traffic manager for Union Carbide Corp., notes that over the past 10 years, the proportion of Union Carbide freight moving by rail has dropped from "over 75% to under 60%," almost entirely because of the steady round of freight

rate increases.

We are firm believers in for-hire transport, and we don't want to get into the transportation business," he "But, slowly, the railroads are

forcing us to it."

• Trucks Gain-There's real fear among railroaders over a further loss of business. Competition from the truckers is hurting the most. In 1959, trucks logged 290-billion ton-miles of intercity freight, which comes to a 20% increase over 1958. Moreover, truckers carried 81% of all agricultural products, 59% of all timber, 65% of new autos, and 90% of household goods.

Most strikingly, about two-thirds of total truck cargo is carried not by common carriers but by privately owned

or contract carriers.

It's the do-it-yourself shipper who is hurting us," says Edgar V. Hill, chairman of the Traffic Executives Assn.-Eastern Railroads, the governing railroad rate-making body for east

of the Missisippi.

· Special Offers-Hill, and some others, look not so much to rate increases as to selective rate reductions that help build volume of freight movement enough to offset rising wage costs. The idea: to get more earnings out of every freight car, and to build business in the areas where it is the most profitable.

Conversely, rail men want to raise rates to put some operations, now running a deficit, on a breakeven basis: at the same time, this would discourage shippers from using the railroads to haul items that have been unprofitable

for the rails.

The Transportation Act of 1958 for the first time allowed the railroads to make special deals in order to build traffic volume or discourage low-profit

Incentive rates allow shippers a discount for every ton per car above their



y e d

d

it

0

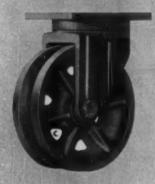
This we know. Where industry thrives, there also grows opportunity for the people.

Singer Manufacturing has thrived in Arkansas since 1912 when it bought a sawmill at Trumann. This year Singer consolidated all its sewing machine cabinet and woodworking operations in its Trumann subsidiary. Doubling the payroll, 750 good jobs were opened to Arkansans like Robert Mize, shown here, until recently a farmer in Cherry Valley. We are dedicated to helping industry thrive and to growing opportunity for our people. May we help you? The Arkansas Industrial Development Commission, State Capitol, Little Rock.

ARKANSAS



BUILD BOATS BUILDINGS EASIER BASSICK CASTERS



Put casters under boats and you've got an assembly line that makes better use of space, tools, manpower. It could just as well be business machines, heavy equipment or on scaffolds used in constructing skyscrapers.

When you think of the most efficient materials handling . . . think of Bassick. Your local distributor has the most popular casters in stock and will be glad to help. 0.16

THE BASSICK COMPANY, Bridgeport 5, Conn. In Canada: Belleville, Ont.



usual average. This encourages shippers to fill freight cars to capacity, and sharply increases a railroad's revenues with little or no additional outlay on its

own part.

Increased rates on less-than-carload (lcl) traffic. Some rail executives claim that lel losses are at least as great as the total losses on passenger traffic. But, because of the antiquated nature of most railroad cost-accounting systems, rail men have difficulty in producing figures that will satisfy either ICC or the shippers.

Higher minimum charges for line haul service. The minimum charge is now \$40; for many low-grade commodities this encourages shippers to send out cars half-full, or less. According to one estimate, last year 352,000 cars moved by the Class I roads paid less than \$60 for this basic service. This compares with out-of-pocket terminal costs that. according to ICC data, ran to \$67.93 per car, and hauling costs of \$19.59 per car-mile. Rail men want to boost the minimum to cover terminal costs, and simultaneously to prod shippers to fill cars. "After all," says one rail man, "if you get shippers to increase their loads by 10%, in effect you add 10% to your

Further use of so-called contract or agreed charges. Under this system, the railroads cut rates in return for a guarantee of a certain minimum tonnage. This is important for the prosperous Eastern coal-haulers that serve utilities which have access to both water-borne oil and

pipeline-delivered natural gas.

Continuing Dicker-Selective rate reductions and incentive rates, of course, aren't new to the rail scene. They're going on all the time. Fitzpatrick of the Chicago & North Western says that his road has put in volume rates not only on coal but also on grain products such as soybean oil. He claims that CNW's rates on pulpwood were instrumental in creating a whole new industry: The Black Hills producers now enjoy a favorable rate and the Wisconsin papermills are able to use a particular type of pulpwood that wasn't available to them before.

In addition, rail men say they are willing to cut rates to insure that a given percentage of a "growth com-modity"-say, glass containers-moves by rail. The railroads figure that if they can build volume by getting on a growth curve, profits would in time roll in almost automatically as use of the "growth commodity" widened.

II. ICC Policy

There is a limit, though, on how far ICC will go in allowing the rails to cut rates to build high-volume, highprofit traffic. In many instances, rates are approaching the point where further cuts would bring them below actual out-of-pocket costs.

There is also the question of whether ICC would allow the rails to cut rates where it might destroy truck competi-

· Protection-At the time of its passage, the Transportation Act of 1958 was widely regarded as opening the door for precisely this kind of rate-cutting. It said rates should not be held up to a particular level to protect other trans-

portating means.

ICC has consistently ducked meeting this issue head-on, chiefly because national transportation policy, as ICC sees it, is still against "destructive competi-tive practices." In the big paint and varnish case, for instance, the railroads produced elaborate documentation for lower rates. However, ICC dodged a blanket ruling on the case, saying only that in this instance, lower rates appeared reasonable.

• Battening Hatches-It seems clear the rails need to recast their rate structure if they are to survive the next big business recession. But some rails are going to extra lengths to assure their continued life. They are putting more emphasis on their non-operating income and on diversification moves.

In 1959, Class I roads received \$256.1-million from non-operating income-44% of total net income. the New Haven, the Union Pacific, the Southern Pacific, New York Central, Pennsy, and Atlantic Coast Line, non-operating income-real estate, oil rights, and other rail investments-was an essential part of income, in some cases more than half of it. Bangor & Aroostook is carrying the idea to an extreme; it is seeking shareholder approval to set up a holding company to invest in industrial companies.

Some rails also seek greater freedom to diversify into other modes of transportation. Missouri-Kansas-Texas now has an 18% interest in Mid-America Pipeline Co., which will carry petroleum products, and other rails are going deeper into the pipeline business. Southern Pacific and Illinois Central have asked ICC approval of their purchase of a barge line, John I. Hay Co. · Setback-On this point, the rails are bound to run into opposition. Just this week, for example, the Supreme Court curtailed the authority of rails to operate trucking services. The court overruled ICC, which had allowed Pacific Motor Trucking Co., a subsidiary of Southern Pacific, to haul autos for General Motors from GM's California assembly plants to dealers in five other Western states. The court said that ICC could not authorize PMT to operate a special contract service for GM, that the rails could engage only in trucking activities that supplement their rail service. END



THIS SUPER-SILENT HUNTER-KILLER HAS KEEN EARS

The Tullibee, the first nuclear powered "hunter-killer" submarine, launched on April 27th, is designed to find and destroy enemy submarines beneath the sea's surface. It is the first submarine in the nuclear Navy to have a turbo-electric drive. It utilizes the most advanced hull design, is packed with sonar equipment and represents a major advancement in the Navy's anti-submarine warfare development program.

al

0

d

Silence is vital to Tullibee's mission and, as a result, she's one of the quietest underseas craft ever built. She is also unique in that her torpedo tubes are located amidships rather than in the bow. This allows Tullibee's nose to be loaded with an unprecedented number of sonar tracking transducers and hydro-

Combustion Engineering designed the nuclear power plant of the Tullibee and manufactured most of its major components, including the core with its fuel element assemblies. A prototype installation, including a portion of a submarine hull, has been in full power operation for some time at the C-E Naval Reactor Division in Windsor, Connecticut. This prototype, also designed and built by C-E, is the only installation of its kind at a privately owned site. It is now used for test purposes and training Navy crews.

The Tullibee adds one more name to the long list of notable power installations designed and built by C-E... installations that are representative of the most advanced practice in steam generation on land or sea.

C-E also designed and built the reactor vessels and steam generators for the USS Triton, world's largest submarine, which recently encircled the globe, submerged, in 83 days.



Combustion Engineering Building • 200 Madison Avenue, New York 16, N. Y.

C-279

ALL TYPES OF STEAM GENERATING, FUEL BURNING AND RELATED EQUIPMENT; NUCLEAR REACTORS; PAPER MILL EQUIPMENT; PULVERIZERS; FLASH DRYING SYSTEMS; PRESSURE VESSELS; SOIL PIPE

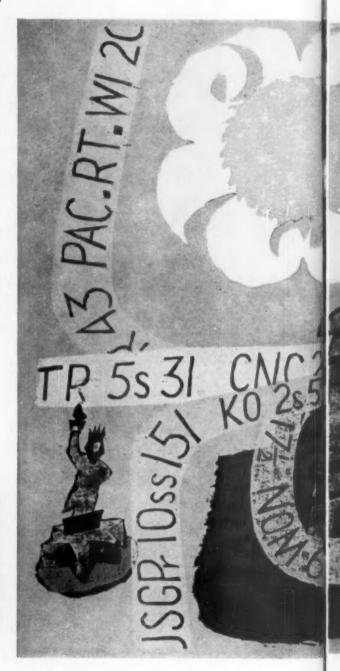
G.H.Q.

"It is a miracle that New York works at all," wrote essayist E. B. White. "The whole thing is implausible." Yet how New York works! Over a quarter of America's 750 largest companies make it their home town, setting its furious and demanding business pace. Business Week covers them all (and thousands more). With the precision of the ticker that records the beat of New York's financial heart, Business Week can number its blue-chip management subscribers: AMF 177 ... PEP 126 ... IBM 1,734 ... RCA 942 ... TEX 520 ... T 164. Circulated selectively, edited with the swiftness and reliability of weekly timing, Business Week is unlike all other magazines. It seeks just one kind of reader, brings him only the news that is business-useful. In New York, as everywhere in Business America, where you find Business Week you find management men - well-informed. And, well-informed by your advertising, they have the power to act.

> You advertise in Business Week when you want to influence management men



A McGraw-Hill Magazine 330 West 42nd Street New York 36, N. Y.



A lithographed reproduction of this woodcut by New York's Carol Summers, size $12^{\prime\prime}$ x $18^{\prime\prime}$, is available when requested on your business letterhead.



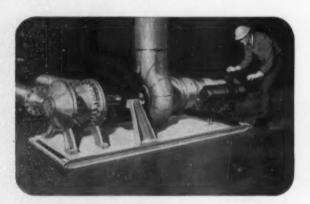
Carol Lummer

You get four major advantages with Solar industrial gas turbines



1. Easily transported

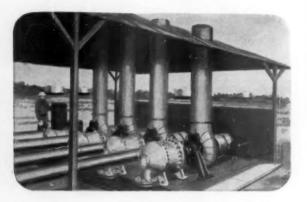
Because they are smaller and lighter than conventional power plants, Solar gas turbines are easily transported for original installation, or to a central shop for periodic maintenance. And the basic power plants, or generator sets, compressor units, and similar applications, can be inexpensively adapted for portable use.



3. Simple maintenance

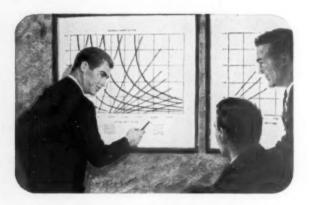
Solar gas turbines are simple in design, with few moving parts. They are easier to maintain than diesel or gasoline engines. Down time is cut to a minimum. Features such as interchangeable compressor wheels in Solar compressor units make quick field changes possible. Solar turbomachinery is designed for long, trouble-free life.





2. Low cost installation

The same light weight and small size that makes transportation simple, also cuts the cost of installing Solar gas turbines and turbomachinery. Minimum vibration makes possible skid mounting or the use of present light foundations—you avoid heavy construction costs and install these units quickly without special labor requirements.



4. Low over-all cost

Whether you consider the capital cost of installed horsepower, or operating and service costs per installed horsepower, you will be pleasantly surprised when you measure Solar gas turbines against competing installations. We'll furnish the facts and figures you need on request. Solar builds turbines and turbomachinery to rugged industrial standards, for electrical power generation, gas compression, pumping, boat and vehicle propulsion, and for many special applications. Solar gas turbines range in size from 50 to 1250 hp.

You should investigate the profitable use of Solar gas turbines and turbomachinery. Write to Solar Aircraft Company, Dept. H-132, San Diego 12, Calif., for brochures or for information about specific applications.

INTERNATIONAL OUTLOOK

BUSINESS WEEK JULY 2, 1960



Moscow and Peking are preparing a worldwide political offensive against the U.S. and its allies and friends. The main pressure will come in the fall, during our election campaign.

This is the only interpretation to put on the line taken by Soviet Premier Khrushchev at the Communist gathering just held in Rumania. At one point, Khrushchev promised to make the "imperialists"—meaning the U.S.A.—"dance like fish in a frying-pan." Khrushchev also conceded enough to Red China to permit a closing of ranks between Moscow and Peking.

The Communist camp apparently has chosen the United Nations as one of its main theaters of operation. Moscow will use the fall session of the U. N. General Assembly to raise the issue of disarmament, after having torpedoed the 10-nation Geneva talks (page 17). This could become a real propaganda circus, with Moscow demanding that Red China be included in the U. N. disarmament discussions.

Meanwhile, Khrushchev will do everything possible to strengthen the Soviet position in Cuba. In Iran, Soviet agents are busy trying to foment a revolution. If nothing comes of the Algerian peace talks in Paris (page 23), Moscow will move quickly to exploit this situation. Then, by October, you may see new Soviet pressure on Berlin.

Red China, for its part, seems about ready to provoke another crisis in the Formosa Strait. An attack on the offshore islands might well be combined with increased underground activity in Vietnam.

Chinese penetration of India's northeast frontier is increasing. New border incidents are likely to break out soon. In fact, the Indian Army now believes that Peking has much more far-reaching designs on northern India than anyone suspected during last year's incidents.

In waging his offensive against the U.S., Khrushchev probably is trying to:

- Weaken U.S. alliances wherever possible by psychological warfare such as that used in encouraging the Japanese students to riot against , Pres. Eisenhower's visit.
- Create just enough fear of war, without actually going to the brink, to force a Western retreat on Berlin.
- Prove that an expansion of Communist influence is possible without risking World War III—and thus blunt Peking's ambition to share the leadership of world Communism with Moscow.

For the past week, money has been flowing into London from European financial centers and, to a lesser extent, from New York. As a result, British reserves have been strengthened considerably.

This movement of funds is a direct result of Britain's higher bank rate—raised from 5% to 6% on June 23. (A special squeeze was put on bank credit at the same time.) British treasury bills—now paying well over 5½%—are attracting money that had previously moved out of London to West Germany. Until last week, comparable money rates were higher in Germany than in Britain.

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK JULY 2, 1960 more than reverse the international movement of short-term funds. Chancellor of the Exchequer Amory also is aiming to check the longer-run, adverse effects of the business boom in Britain.

As the boom has gathered momentum over the past six months, British imports have risen more rapidly than British exports. At the same time, labor has become extremely tight in the main industrial centers, raising the specter of a new round of wage inflation. In both respects, the situation is much as it was in the summer of 1957, just before Britain ran into a financial crisis that forced its bank rate up to 7%.

West Germany's foreign exchange reserves reached \$6.5-billion on June 15. That's a record for the Bundesbank, putting German reserves at well over twice those held by London. And, given the constant surplus in the West German balance of payments, the Bundesbank's reserves are bound to grow still larger.

As a result, you can expect to hear more talk in Bonn (and in Washington and London as well) about German aid to the underdeveloped countries. Top German officials, including Economics Minister Erhard, admit that Bonn's new revolving aid fund falls far short of what West Germany can afford to contribute to development aid.

There has been some discussion already in the Adenauer cabinet about asking the German people to pay a special "foreign aid tax." It would be modeled after the special Berlin surtax, from which the government gets the money it now grants as a subsidy to West Berlin.

Moreover, it seems unlikely that Adenauer will agree to this idea. The Chancellor has his eye glued on the September, 1961, elections, and he apparently feels that it would be bad politics to impose an aid tax until the elections are over.

A U.S. showdown with Cuba is drawing close.

Fidel Castro's revolutionary government this week took over operation of a Texaco oil refinery. At midweek the Esso and Shell refineries were expected to follow shortly.

Castro has also promised to seize all U.S. holdings "penny by penny until nothing is left," if the U.S. cuts its purchases of Cuban sugar. About half of the \$1-billion in U.S. investments is already under Cuban government control, in one form or another (BW—May28'60,p143).

In Washington, influential foreign policy officials are urging the President to cut the price-propped Cuban sugar quota, once he is authorized to do so by Congress. Congress seems in a mood to grant that authority before long.

Some U.S. officials believe that economic sanctions will encourage anti-Castro forces, and perhaps be enough to set off a new revolt in Cuba.

Student riots may be the spark that sets off an uprising, as they were in Korea and Turkey (BW—Jun.25'60,p22). Anti-Communist students at the University of Havana are planning to protest a Communist-inspired boycott of classes taught by professors who refuse to espouse the international Communist Party line.

"WE'RE GEARING UP TO MEET THE DEMAND FOR MORE STEEL IN THE SIXTIES"

"You hear a lot of talk about the 'Soaring Sixties.' Well, we haven't worried about soaring or anything else. We're just going ahead, week after week, year after year, building our capacity as we see the market developing.

"The 1950's saw Granite City Steel Company grow three times as fast as the steel industry average. We became an integrated producer, built one of the most modern rolling and finishing plants in the country, and added an average of almost 10 percent a year to our open hearth capacity.



"FIRST STOP

in our tour to see how Granite City Steel is preparing for the Sixties is..."



GRANITE CITY'S NEW OFFICE BUILDING "For most visitors the new look at Granite City Steel begins here in our new general office building. It gives us the additional space and facilities we need to better serve our customers and keep pace with our increased steelmaking capacity. Here, too, we have planned for future expansion—can add two more floors if necessary. Many of our own flat rolled steel products were used in the construction of this building."



some Built-in Expansion capacity "In about 3 minutes this blooming mill transforms a 48,000-lb. ingot into 2 slabs 5 inches thick, 72 inches wide, 18 feet long. We built for the future when installing this unit. It's one of the most efficient in the country and can handle our increasing open hearth capacity for the next 10 years."



NEW GAGE CONTROLS FOR HOT STRIP MILL "This maze of electronic equipment is the brains of the new automatic gage control for our five-stand hot strip finishing mill—the only installation like it in the industry. It automatically controls thickness of the steel as it's rolled from a slab into plate or sheet. This is part of our continuing program to insure top quality and efficiency."



STREAMLINED SHIPPING FACILITIES "Our products move off the finishing lines and out to our customers in a hurry. For example, four high-speed shear lines feed cold rolled steel into this new shipping building. Here, modern steel-handling equipment loads our cold rolled products directly into railroad cars and trucks. As our capacity grows, we can double the size of this building, if necessary."



SHORT-DISTANCE CUSTOMER SERVICE "Granite City Steel is closer to the majority of customers in its market area than any other major steel producer. We maintain sales offices in eight cities throughout the Middle West, South and Southwest for fast, dependable service."



more Pig Iron to make more steel. "As we grow, we also become more self-sufficient. This new blast furnace, for example, will increase our pig iron capacity over 40 percent—supply the additional hot metal we need to reach our goal of 1,740,000-ton ingot capacity in 1962."



LARGER, MORE EFFICIENT OPEN HEARTH DEPARTMENT "We are already using a lot of oxygen to speed up our open hearth production and will use even more this fall. We're also enlarging some of our furnaces and putting in new basic roofs. To handle this increased furnace capacity we're expanding the pit section of this building and will install another ladle crane."



MORE CAPACITY FOR COLD REDUCED PRODUCTS "Last year we increased the output of this cold strip mill some 30% by doubling its horsepower. New electronic and X-ray equipment maintain constant control of quality. In 1961 we will install the fastest Sendzimir cold reduction mill in the United States to increase our present production of tin plate."



TWO CONTINUOUS GALVANIZING LINES "To meet the demand for more galvanized steel sheets we have already enlarged this continuous galvanizing line. In 1961 additional tonnage will start coming off another continuous line now under construction. We intend not only to keep ahead of demand, but to open up new markets for our galvanized sheets."



GRANITE CITY'S FLAT ROLLED STEEL PRODUCTS "We are specialists in the production of flat rolled steel products: Hot rolled plates and sheets; cold rolled sheets; electrolytic tin plate; black plate; electrical sheets; galvanized flat, culvert, roofing and siding sheets; and building products for floor and roof construction."



"STEELMAKERS TO MIDDLE AMERICA"
HOME OFFICE: Granite City, Illinois
SALES OFFICES: Dallas • Memphis • Kansas City
St. Louis • Minneapolis • Houston • Moline • Tulsa



ace sed wo on-

iite

lectrol like teel our

rancusnajor eight and

The simple truth about Data Processing

To get the on-time information they require,
many executives visualize the need for a battery
of expensive equipment. Yet there <u>is</u> a low-cost system
that fits your company as it stands <u>and</u> as it grows.

To a great many businessmen today, data processing is somewhat suspect. On the one hand, there's general agreement on the *need* for office automation—but, on the other, there's the fear that the data processing equipment required to bring it about will alter their procedures, their people, their profits.

Then, too, there's the *expense* of that equipment. And the often considerable gamble that the large investment called for won't ultimately pay off in results.

Much of this feeling about data processing, of course, is justified. Most available systems are large and unwieldy. More than that, they're complicated. Special personnel must be found to run them. Your own people must be thoroughly trained. And, as for your methods of doing business—even they must often be altered to the machines.

Among all of today's data processing systems, there is only one which does not impose these burdens. That system is Automatic Keysort. Easy to use, remarkably low in cost, Automatic Keysort is the servant of your business and your people—never their master.

Reason? Only Automatic Keysort utilizes marginally-notched *original records* for quick, easy sorting and classification. Only Automatic Keysort gives you automatic coding and tabulation with *one* low-cost machine! Only Automatic Keysort is designed to adapt to *your* way of doing business.

Result: with Automatic Keysort you get the management reports you want when you want them. Without specialized personnel. Without disrupting your procedures. And at a cost that will truly surprise you.

Your nearby Royal McBee Data Processing Representative will be happy to tell you more about Automatic Keysort as it relates to *your* business—whatever it may be. Call him, or write Royal McBee Corporation, Data Processing Division, Port Chester, New York for brochure S-500.

ROYAL MCBEE · data processing division
NEW CONCEPTS IN PRACTICAL OFFICE AUTOMATION

Vhat Europe's Trade Split Means

This week the split between Western Europe's two trading blocs (map) became a fact.

On July 1, the seven members of the European Free Trade Assn. (EFTA) made a 20% cut in tariffs on virtually all non-agricultural trade among themselves. By taking this step, the Britishled EFTA group set itself up in compe-tition with the six-nation European Economic Community (EEC), which launched its internal tariff-cutting program with a 10% cut in January, 1959, and will make a second cut of 20% over the next six months.

With the two trading blocs in opera-tion, businessmen of Western Europeand many U.S. executives as well-are asking questions like these: How solid and permanent will EFTA be? Will there be a large increase of trade among its members, as there has been among the members of EEC? If there is such an increase, will this tend to harden the split or will it make the members of EEC, especially West Germany, anxious for the kind of merger between the two blocs that Britain had hoped for before EFTA actually got started?

· EEC Move Dynamic-At this stage, it is hard to make any firm predictions about the future of EFTA. No one can tell just how far the gradual lowering of tariffs among its members will tempt EFTA businessmen to switch to new sources of supply within the group and thus get a stake in a permanent split.

One thing, though, is clear. EFTA won't be able to match the economic dynamism of EEC. And that means the British will be constantly looking for a way to come to terms with EEC

To be sure, EFTA shares with EEC the ultimate goal of free trade among its members, except for agricultural products. This goal is to be reached in each case by a step-by-step reduction in tariffs, plus the removal of quota restrictions. (Though EEC now is operating on a faster schedule than its rival, EFTA could make a move in the next year to catch up.)

· Differences-But there are some basic differences between the two blocs.

Whereas EEC ultimately will have a common tariff toward all outsiders, the EFTA members plan to keep their own national tariffs toward all outside nations and toward the EEC group

Perhaps more important, EEC is heading toward a full economic union and even a political federation. EEC, in fact, was originally sparked by the determination to bind West Germany and France so tightly together that they could form the basis of a strong Euro-



CAUSINESS WEEK

pean power grouping. By contrast EFTA is strictly a regional free trade group, shot through with clashing political traditions and aims. Moreover, EFTA starts life as a confessed secondbest-a mutual trade security device for countries that are linked by their inability of unwillingness to join EEC

· Diversion of Trade-Even so, EFTA's first tariff cuts, and the others to follow, can't be shrugged off either by European traders or by non-European nations who export industrial goods to Europe. As EFTA gets going, there's bound to be some diversion of trade, just as there will be as a result of ECC's tariff cuts. It will be impossible to prevent this, despite the recent agreement between the two blocs to iron out the worst difficulties during the upcoming tariff negotiations under the General Agreement on Tariffs & Trade

(BW-Jun.18'60,p36). Of total EFTA imports from outsiders today, about one-third come from the rival EEC bloc. In turn, EEC buys from EFTA about one-fifth of its total imports from outsiders. But from now on, members of EFTA will be getting group tariff preferences at the expense of EEC countries and of countries such as the U.S. that don't belong to either

This will be especially important in the case of manufactured goods. And EFTA nations take nearly one-quarter of their total imports of manufactured products from outside Europe, with the U.S. being a major supplier in such fields as chemical, transport equipment, and machinery

Most of the EFTA countries already

have long-standing trade links with each other. In 1959, British exports to other EFTA members were just under \$1-billion. By comparison, British sales last year to EEC came to \$1.3-billion.

· Affecting Business-How far EFTA's tariff-cutting provisions will start gencrating new business among its members depends entirely on how far individual traders take advantage of their

new opportunities.

During June, many British exporters held back shipments to other EFTA countries in order to take advantage of the lower duty. In June, too, Danish importers of British autos hastened to announce that their customers would receive the full advantage of the tariff cuts scheduled for the end of the month. Sweden's Volvo was being sold in Britain during June on the same basis.

It's in the auto business that the British expect the impact of EFTA to be most substantial. Britain's auto industry is counting on a real competitive advantage inside EFTA over German, French, and Italian competitors. The West Germans, say the British, will be especially vulnerable, because they account for most of EEC's auto exports to the EFTA bloc. But it is also recognized that the Germans won't sit still while their EFTA markets are being

trimmed.

· Britain's Prospects-Over-all, though, the British aren't counting on too big a gain in EFTA markets. For one thing, trade in basic materials will get very little lift out of the scheduled tariff cuts, since most EFTA nations now let in raw materials duty-free or with very low tariffs. Britain, moreover, is the only EFTA member with a powerful and fully diversified industrial economy. That limits the extent to which it can replace supplies from outside EFTA with imports from its less industrially advanced EFTA partners. Many British companies frankly admit that they are more worried about retaining or increasing their trade with EEC than in adjusting to the EFTA tariff cuts.

The British petroleum industry is a case in point. This industry is worrying about the possibility that EEC may develop a highly protectionist fuel policy in the next few years, thus cutting the opportunity for British Petroleum Co. and Shell to expand their business within the EEC bloc.

About 15% of total British exports to EFTA last year were accounted for by petroleum and petroleum products-a sizable chunk of business. But the EFTA tariff-cutting program isn't likely to increase it. The EFTA countries that provide Britain with its biggest oil market are Sweden, Norway, and Denmark, and these countries already have no tariffs or else small tariffs on petroleum products.

Another big British business-chemicals-is busy right now trying to work out arrangements with chemical producers in EEC as well as EFTA to prevent any serious diversion of trade as the two blocs move toward lower tariffs. If the British chemical industry has any plans to boost its exports in the EFTA, it has said little about them. Some top executives in this industry say they still would like to see Britain join EEC as a

· Apathetic-Taken as a whole, British industry so far has shown considerable apathy to EFTA. This week one British industrialist said flatly: "I would not recommend a single new investment for my company as a result of EFTA. It certainly won't last 10 years as a separate trading bloc, and probably not five.

Some British businessmen would give EFTA an even shorter life span. They figure that within the next year the British government has a fair chance of making a deal with EEC under which the two blocs would agree to work toward a wide customs union, with no industrial tariffs between its members. If that proves impossible, these business-men predict, it will only be another year or two before Britain will be forced to ask for membership in EEC. Meanwhile, with the outcome still unclear, many British companies are delaying decisions on whether or not to invest in plants on the Continent.

· Enthusiastic Swedes-As of now, Sweden seems to be the most enthu-siastic EFTA member. That goes for both Swedish businessmen and Swedish officials. Both think Britain will be a very attractive market for Swedish products. And the Swedes are already well advanced with plans for big selling

campaigns in Britain.

Their major exports to Britain-wood pulp, timber, and iron ore-won't benefit from the tariff cuts, since the British market already is wide open for these products. But Sweden expects to expand its exports to Britain in a wide range of specialized manufacturers: ball-bearings, office equipment, and non-electric machinery. The Swedes also will enjoy a reduced duty on paper and paper products.

• Harder Selling—

Selling-Undoubtedly, all Britain's EFTA partners will put more zip into their sales efforts in the British market. The Austrians will push textiles and non-electric machinery. The Swiss will push watches, chemicals, scientific instruments, and optical goods.

Within the EFTA group there are some real enthusiasts who argue that tariff-cutting will have the same effect in EFTA as it has in EEC. According to these people, the real impetus behind EEC is not so much its broad economic and political aspirations as the fact that EEC businessmen are getting a tariff edge over their competitors.

BUSINESS ABROAD BRIEFS

Boycotts or threats of boycotts are beginning to sting South Africa, in the wake of white action against Negroes. Sweden and Norway have stopped buying South African fruit at a time when South Africa is having a record crop. Malaya is planning to stop its purchases in South Africa, as are Chana, Nigeria, Congo, and Kenya. Together these countries bought \$40-million worth of goods last year. Sudan has turned down a South African bid to supply \$300,000 worth of pipe and glass products.

Pratt & Whitney Co., machine tool manufacturer, is going into partnerships in France, England, and Italy to make tools for U.S. and European markets. From France, the company will import into the U.S. a high-speed lathe that costs 25% less than the comparable tool made in the U.S.

Cuban trade with the Communist bloc continues to expand. The first shipment of Russian newsprint is scheduled to arrive in Havana next week. Last week, the Cuban government announced that it had purchased \$500,000 worth of machinery from East Germany. And a six-man Polish trade mission came to Havana last week

Mexico's government oil company, PEMEX, is negotiating with several U.S. banks for a \$61-million loan. The funds are slated to be used for a 1,000mile natural gas pipeline from Monterrey, Mexico's industrial center, across the north of the country to Tijuana in Lower California. Mexican officials claim that Mexican natural gas could be sold to U.S. customers in California in an exchange of petroleum products between Mexico and the U.S. Mexico already is selling natural gas across the border in Texas.

Columbia Broadcasting System has acquired a 10% interest in TV channel 4 in Caracas, Venezuela. The station was purchased from receivers for \$1.1million by a group of investors, who put up 80% of the purchase price. Others involved are CBS and Goar Mestre, co-owner of a station in Havana, Cuba.

A 185-mile oil pipeline from Rotterdam to Esso, Shell, and Gelsenberg Benzin refineries in West Germany started operation this week. To build the \$28million pipeline, the Rotterdam Rhine Pipeline Co. had to negotiate rights of way with 2,500 Dutch and West German landowners and needed 500 licenses from governments and provincial and municipal authorities.



To beat the "heat-squeeze"



When you crowd a lot of heatproducing electronic devices into a small space, temperatures soar to levels beyond the liveable range of ordinary components. To answer this problem, Mallory started years ago

to explore the capabilities of tantalum—one of nature's strangest metals.

From this exotic material, a decade ago Mallory began producing electronic devices, called tantalum capacitors, which are capable of surviving high temperatures. Since then Mallory has remained in the forefront of tantalum development . . . now produces a wide range of tantalum capacitor types, including the only one capable of withstanding temperatures up to nearly 400°F.

Today in missiles, radar, military communications and in a growing list of commercial electronic applications such as computers, Mallory tantalum capacitors are handling jobs that are too hot for other capacitors, and are providing a standard of reliability never before available. They are another result of Mallory's knowledge of both metallurgy and electronics—a unique combination that has led to many noteworthy new concepts useful in the nation's growth industries.



Unions' Chips Are on Kennedy

The largest labor delegation ever to attend a Presidential nomination is moving into Los Angeles.

Officially, there will be no endorsement until after the conventions. But labor probably will work hard behind scenes for Sen. John Kennedy.

Extensive lobbying will be directed at getting a platform that will attract both labor and liberal votes.

More than 200 union people are going to the Democratic convention in Los Angeles as delegates—most of them with a strong leaning toward Sen. John F. Kennedy for the Presidential nomination. Some are committed to other candidates in the early balloting but, if released, will swing to Kennedy.

released, will swing to Kennedy.

Labor lost a favorite when Sen.

Hubert H. Humphrey of Minnesota
withdrew as a candidate. Some in union
ranks are still partial to Sen. Stuart
Symington of Missouri or Adlai E.
Stevenson, a few to Sen. Lyndon Johnson of Texas. But the swing is sharply
to Kennedy on the eve of the conven-

Officially, labor is neutral. The AFL-CIO insists that there be no endorsements until after party conventions. But labor's partiality is obvious—so much so, indeed, that strong voices are now being raised in AFL-CIO to abandon surface neutrality and campaign actively in Los Angeles:

For Sen. Kennedy, as the friendly candidate most likely to win.
For a Democratic platform that

labor can back without reservations.

Officially or not, labor will be working hard for Kennedy and a liberal platform even before the party convention opens July 11.

• Representation—Labor's representation in the state delegations in Los Angeles will be far the largest the unions have ever mustered. Estimates are hard to make and easily inflated. But fully one-eighth of the delegates with voting privileges at the convention may be counted as active or inactive unionists.

In 1956, the AFL-CIO Committee on Political Education reported 152 labor delegates at the convention that nominated Stevenson. COPE thought that was pretty good representation. The total is expected to be at least a third higher this year.

The labor participation shows up particularly in the big industrial states in which labor is closely allied to the Democratic Party. But, perhaps sur-

prisingly, union delegates in at least token numbers are among those going to the West Coast from many of the Southern and Southwestern states.

• Few in Chicago—Although more than 200 union representatives are expected on the convention floor in Los Angeles, only about 10 are scheduled to attend the Republican convention in Chicago with delegate voting rights. According to COPE, just two were accredited for the 1956 GOP convention that nominated Pres. Eisenhower for a second term in the White House.

Numerically, labor's 200 delegates are only a small part of the more than 1,700 who will split up votes to decide the Democrats' standard bearer in the fall election and draft the party's platform. They can hardly control the convention. But Business Week reporters who studied 'labor's participation in delegations in major states emphasized this fact:

The importance of labor's representation in the state delegations cannot be measured accurately by the number of unionists who will attend the convention as delegates; many others in the state delegations who are not directly connected with unions are as firmly committed to labor's objectives as the union people themselves.

 Moving West—Union officials and their staffs will begin to gather in Los Angeles next week and many of the union delegates are expected to join them there in advance of the opening of the convention.

"There's a lot of work to be done ahead," one labor official said. Another commented that the offices of his international will look emptied out next week when operations are shifted—for the duration—to the West Coast.

George Meany, president of AFL-CIO, and Walter Reuther, head of the United Auto Workers and a federation vice-president, are scheduled to go to Los Angeles on their return from a mission to Europe in midweek. David J. McDonald, president of the United

Steelworkers and a Pennsylvania delegate-at-large, and other high-ranking labor leaders are expected in the convention city next week for conferences and meetings. And, of course, COPE's Director James L. McDevitt and his full staff of aides will open labor's head-quarters there July 5.

• Busy Times—Many internationals—including the Auto Workers and Steel-workers—and labor organizations such as the brotherhoods' Railway Labors' Political League plan to open offices in convention hotels. Most of them say that this is just routine and point out that offices are opened whenever top officials gather anywhere for a few days on business.

But the staffing that is being done by some key unions in Los Angeles is far from routine. Civil rights, economic, research, legislative, and political action staff people are being moved in.

Most of the staff people are being mobilized to help influence the Democrats' platform writers. Labor's political strategists say, frankly, that they see little chance that the unions can influence the nomination of candidates unless there is a convention deadlock. They do believe that the unions can make their influence felt—and strongly—in platform planning and writing. This will start next week. That's the

This will start next week. That's the biggest reason for labor's early movement to the West Coast.

 Meetings Set—Meetings or union caucuses are scheduled during the week —to continue through the convention by the Auto Workers, Steelworkers, and other internationals.

Labor's political strategists dislike the use of the term in this connection, but concede that "lobbying of sorts" will be going on.

More formally, Meany is to appear at platform hearings as a spokesman for labor. Reuther and other leaders, including George Harrison as spokesman for railway labor, also may appear before those entrusted with putting a platform together, plank by plank.

For the record, Meany also is expected to appear before the Republican platform drafters in Chicago later in July as he did in 1956, and some of labor's other leaders may be there, too.

• Labor's Delegates—The intense interest labor has in the Los Angeles convention should surprise nobody who has watched the quiet-as-possible COPE preparations for the 1960 Presidential election campaign. McDevitt and aides in the political action committee have warned regional meetings that this is a crucial year: If labor doesn't back win-

ners in 1960, they said, it might not be in any position to help favored can-

didates in other years.

At the same time, they have given regional workers optimistic reports that this is a favorable year for "sweeping" labor gains at the polls-if the Democrats choose a candidate that unions can back wholeheartedly and if they stand on a platform with "sound and liberal" planks.

The union forces will pull any string within their reach at Los Angeles toward such an end. They expect to use techniques tried out in legislative vears-particularly extensive and persuasive personal contacts and the ready availability of expert aid in such complex areas as unemployment compensa-

tion and social security.

As usual, the Michigan delegation will have the most union people in its ranks-by BUSINESS WEEK count, perhaps a third. Wisconsin, Pennsylvania, Ohio, and California delegations also show "substantial" union representation, COPE says. That's about as far as it is willing to tip its hand now.

• The Rundown-However, here is what some of the reports from BUSINESS

WEEK correspondents and bureaus show: Michigan has 102 delegates and 50 alternates to the Democratic convention; of these, 34 are listed as union officials and seven others as industrial workers. There are 27 government officials "of whom some are probably former union officials." Leonard Woodcock, a UAW vice-president, and a number of other prominent auto union leaders are in the delegation. Reuther will be in Los Angeles, but not as a delegate.

Pennsylvania delegates include a strong showing from the United Steelworkers, headed by McDonald, and a few from other unions. They are under instructions from Gov. David Lawrence not to express a preference for any candidate until the convention opens. However, McDonald is known to be strongly in favor of Kennedy although he has never made any public state-

ments about it.

Ohio, despite COPE's figures, seems to have only a small labor representation in its delegation-perhaps no more than three or four delegates among 82

going to Los Angeles.

Massachusetts' 82 delegates include only four representing labor-the president and secretary-treasurer of the state labor council and two textile union officials whose international was the first to endorse Kennedy officially.

New York delegates include a number prominent in labor and a scattering of others from unions. Over-all "not many," according to a COPE spokesman, because the delegation is predominantly political in makeup.

New Jersey unions will be better rep-

resented, with 10 delegates among the state's 82. One labor spokesman said that the unionists "can take Kennedy, Stevenson, Symington, Humphrey if he'll run-but will balk at Johnson.

Maryland counts only two union

people among 48 delegates.

North Carolina and Tennessee have no known labor people in their dele-

gations.

Georgia will have two union men in its 64-man delegation. Unions say it's "window dressing"; the governor says he wants their advice on labor matters.

Alabama delegates include one outand-out union man, from the Hod Carriers, but 11 others-including a labor attorney-are strongly pro-labor.

Missouri delegates include a sprinkling of union people-for Symington "unless Kennedy has a complete run-

Illinois has a strong union representation in its delegation, including: William L. McFetridge, president-emeritus of the Building Service Employees, onetime Republican for Thomas E. Dewey; William A. Lee, head of the 350,000member Chicago Federation of Labor; Duane (Pat) Greathouse, a UAW vicepresident; James C. Petrillo, retired president of the Musicians; Joseph Germano, a USW district director; and, among alternates, Joseph Keenan of the Electrical Workers, an AFL-CIO vicepresident, and Arthur Goldberg, the USW's counsel.

Indiana delegates also include labor people, largely from the Steelworkers and Auto Workers; they're for Kennedy "at least on the first ballot."
Wisconsin has 15 of 60 delegates

who are or have been connected with labor: Most were for Humphrey.

Minnesota reports at least 10 of 62 delegates are from unions or have a labor background. But "any tendency toward liberalism . . . will be as evident among some of the nonunion delegates as among the unionists," a BUSINESS

WEEK reporter found.

California, with 162 in its delegation, will have at least 16 delegates "who are now or have been union officials," most of them fairly high. Along with the delegation as a whole, the unionists are pledged to the "favorite son" candidacy of Gov. Edmund G. Brown. They apparently are split three ways otherwiseamong Kennedy, Symington, Stevenson.

The BUSINESS WEEK reports show between 150 and 160 union delegates in the key states checked. Politically minded UAW and USW had the most delegates. Railroad brotherhoods and the building trades were high on the

Reuther Links Output to Votes

Last week, in one sweeping outburst, the United Auto Workers' Walter P. Reuther engaged in two of his favorite pastimes-politics and telling the auto industry how to run its business.

Reuther wrote presidents of the Big Three auto companies that "we in the UAW are deeply disturbed by indica-tions . . . that the automobile industry plans on juggling production schedules

for political purposes.

Ward's Automotive Reports, a weekly statistical letter, recently predicted that the industry would schedule September production 60% above last year and the highest October production ever. The combined output would be the best since 1950; Ward's said it would make "interesting reading in this Presidential election year."

Ford, Chrysler, and General Motors replied to Reuther, calling his conclusions erroneous, distorted, and obviously

for propaganda purposes.

· Two Sides-Reuther charged that the purpose of the high production this fall was "to borrow from the future to hold back the third Republican Eisenhower recession . . . almost universally expected to begin in 1961 or earlier," until after the election. Reuther demanded that the companies reschedule production.

The UAW president's strategy is to cry wolf now to offset the surge of

prosperous feelings that might help the GOP at the ballot box. He knows, of course, that auto companies always set high production rates at model introduction time and cut back on lines that aren't doing well as soon as dealers are supplied. So he knows that it's unlikely that he will be completely wrong about lavoffs after November.

What he failed to mention, of course, was that the U.S. auto industry will have four new, untested cars on the market for the first time this fall-and a total of something like 30 nameplates in all, twice as many as a few years ago. It's a sure bet that some will be winners and some flops. But no Detroit crystal ball is clear enough to tell which will be which. So the industry will have to have big inventories in all lines.

· Early Debuts-Two other factors explain the enormous production scheduled for early this fall. One is the early introduction of most makes, timed to precede the National Auto Show, which opens in Detroit Oct. 15. This means many auto plants will shut down for changeover in July and August and plants will be humming again in September and October.

Finally, comparisons with last year don't make much sense because production was hampered then by the steel strike and subsequent shortages. END



This package leads a TRIPLE life . . . proudly.

FIRST... it's a merchandising package. And what a merchandising package... with the shining foil and crisp, bright printing working like neon lights on the shelf.

SECOND... a utility package... one that lets you warm the bread right in the bag on the barbecue grill or in the oven. No additional pans needed.

THIRD... a protective package... to keep the loaf fresh down to the last bite.

That's the way with Bemis flexible packaging. It's nearly always more than just a package. With more and more benefits. Some of them can apply to your business. Let's see how.



Hickory Chips with Taste Appeal— Taste appeal? Certainly! When the Master of the Barbecue, shopping for ingredients, sees the fragrant chips through the mesh window of the Bemis flexible package, he can just about taste that hickory-smoked flavor in his steaks. So... an impulse sale is made ... because the package is more than a package!



Bemis where flexible packaging ideas are born

Product Development Section 408-D Pine Street, St. Louis 2

In Labor

Union Official Gets Stiff Sentence For Taft-Hartley Violations

Angelo Inciso, once the "Little Caesar" of a small but important industrial union in Chicago, faces 10 years in prison and a \$22,000 fine for violations of the Taft-Hartley Act. The sentence—one of the stiffest in T-H history—was handed down in federal court after Inciso's conviction on 22 counts. The trial lasted three weeks.

Inciso was found guilty of having unlawfully collected \$420,267 in insurance premiums from 22 companies that employ members of Local 286 of the United Industrial Workers of America (Ind.). A notorious union official for 20 years, Inciso announced plans to appeal. He had \$27,500 in cash ready for bond at his sentencing, was remanded to jail because bail was set at \$30,000.

Clean-up forces in the independent union (two locals with some 5,000 members) have been trying to get UIWA out from under Inciso influences. Democratically elected officers are in charge of the parent union. They expect that Inciso's last string on the locals can be cut now.

Food Prices Push CPI to New Peak; 200,000 Workers to Get Pay Hikes

Some 200,000 workers across the country will receive a penny or two more for hours worked as a result of a slight rise in the government's Consumer Price Index for May—to a new record high of 126.3% of 1947-49 costs. The index was one-tenth of a point above the April level.

The continuing rise of food prices was largely responsible for the latest gain in the CPI. Government analysts reported that the index would have turned down otherwise. They foresee stability or only moderate changes this summer, and say that it's "quite possible" that the index will turn down in September.

Cost-of-living raises, under escalator contracts, go to 80,000 packinghouse workers, who will get 2ϕ an hour more; about the same number of aircraft workers (1ϕ or 2ϕ more); and 40,000 others in metalworking, chemicals, trucking, and other industries (1ϕ more).

The CPI at 126.3% was 1.9% higher than in May of last year.

Doctor Urges "Exercise Breaks" To Keep Workers Physically Fit

Workers would be better off for exercise breaks instead of their now-common coffee breaks, Dr. Herman Hellerstein, professor of medicine at Western Reserve, told a seminar for job counselors at the Rehabilitation Institute of Chicago last week.

Dr. Hellerstein, an expert on the rehabilitation of heart patients, warned that labor has been eliminated from plant jobs to such an extent that "exercise breaks may be needed to keep workers physically fit."

He suggested a brisk 15-minute walk to and from a coffee machine as one way to help offset low-energy requirements that he said are characteristic of most jobs today.

Professor Says Facts Contradict Common Beliefs About Automation

Facts on hand now raise serious doubts about three widely held ideas on the effects of automation, according to Prof. Charles C. Killingsworth of Michigan State. Killingsworth contends that it's not evident that:

• Inventions and technological improvements create more jobs than they eliminate.

Automation will be a gradual development.
 It will require upgradings in the labor force because new machinery and techniques will need higher-skilled.

new machinery and techniques will need higher-skilled workers.

Killingsworth said that automation may be slow in coming in some industries—but it's coming fast in most. His studies indicate that "a substantial part of the cost savings from automation usually result from the displacement of labor." And, he reported, so far there has not been a marked upgrading in job ratings where plants have been automated.

Vancouver Judge Ponders Action In Disputed Arbitration Case

"Outrageous featherbedding . . . It reaches heights of absurdity I have never seen before," commented Judge J. O. Wilson of the Vancouver (B. C.) Supreme Court after hearings on appeals of an arbitration award last week. However, the judge reserved final judgment on the appeal until he can clarify his right to act in an arbitration case.

The case is particularly interesting in this country in view of the U.S. Supreme Court's recent rulings that limit the right of courts to review arbitration awards (BW-Jun.25'60,p56).

In the Vancouver case, arbitrators ruled that plumbers employed on a Dawson Creek job, on the Alcan Highway 760 mi. north of Vancouver, must be paid for a 500-mi. air journey and given a \$5-a-day living allowance—even if they never have to make the trip because they were hired and live at Dawson Creek.

This is a result of a technicality; the hiring is through a plumbers local in Vancouver that requires air fare and traveling-time pay from Vancouver and a living allowance.

The Bay Co., Ltd., contractor on the job, asked the court to upset the arbitrators' award covering extra pay for non-traveling plumbers. The company protested that it found "perfectly intolerable" the way the arbitrators by 2-1 decision interpreted the labor contract. Judge Wilson made clear that he agreed—whether he could do anything about it legally or not.



Extend your market penetration...your profit protection...with

American Credit Insurance



... commercial credit insurance exclusively since 1893

Call your insurance agent... or our local office. Send for informative booklet on the many sound advantages of modern credit insurance. Write American Credit Indemnity Company of New York, Dept. 42, 300 St. Paul Place, Baltimore 2, Maryland.



THE MARKETS

Japan Fishes for Capital, But Bait Is Too Skimpy

Japan's first, flattering steps to woo U.S. investment to that capital-hungry country have not caused much stir in U.S. investment circles.

The reason is not so much the uprising against the Kishi government as it is the disappointment expressed by U.S. investment men who visited Japan last month (pictures), and came back convinced that Japan's "liberalization" measures have so far been close to meaningless (BW-Jun.4'60,p111). Financial men believe that Japan must go much further to attract U.S. funds, that unless it does U.S. investment there will be a trickle of what it could be.

The Japanese, who rolled out what one of the American group called the reddest red carpet he had ever seen, had expected announcements of American investments to deluge them after the visitors saw the virility of Japanese manufacturing. Instead, the Americans told the Japanese they must remember the competition for invested capital in the U. S. market—and pointed out that Japan's higher interest rates just weren't enough of an incentive for most of their customers.

 One Completion—Since then, only one deal has been made—and that was in the works for some time. Prudential Insurance Co. approved a \$30-million loan to Kobe Steel Works. The note bears 7% interest, is guaranteed by five of Japan's largest banks.

Many other deals are on the fire—some preceding the American visit, others growing out of it. But while the list may seem impressive in contrast to the lack of U.S. interest before, it is essentially still small in dollar volume. Here's a rundown:

Kawasaki Steel Co. is talking with First Boston Corp. about a \$5-million bond issue for expansion purposes. Sumitomo Metals Industries is talking with Kidder, Peabody about a \$7.5-million issue for expansion. Chiba Prefecture has held talks with Kuhn, Loeb & Co. on the possibility of obtaining financing for its \$125-million project to drain parts of Tokyo Bay for new plant sites and port facilities for Tokyo's overcrowded industrial area.

• Utilities—The Japan Development Bank has been considering for some time the chance of a \$30-million issue to help finance expansion of Japanese utility companies. The bank is a government institution specializing in longterm, low-interest loans to semi-government corporations. The government's Japan Telephone & Telegraph (Denden) has for some months been considering public issue of \$20-million.

Maruzen Oil Co. is believed to have lined up a \$15-million loan—partly to cover the importation of petrochemical equipment—through the Bank of America, the U.S. Export-Import Bank, and Comerzbank of Dusseldorf. Doro Kodan (Road Construction Co.), another semigovernment concern, has received a World Bank loan of \$40-million and is reportedly thinking of going to the New York market with a public issue to help finance expansion.

 Need for Funds—Today Japan is the world's fifth largest steelmaker, the fourth largest market for petroleum, a powerful trading nation with a growing affinity for the markets of the world's industrialized nations—in short, a promising potential source of long-term growth. But it thirsts for funds.

Not only are its demands great, but its securities markets are not developed enough to bring in the capital it needs. The Japanese have come late to security investment; in prewar days, the ruling families held most of the securities, and it has only been in the postwar period that the middle-income class has purchased securities on any scale. In addition, manufacturing companies—for many reasons—have used their traditional banks rather than the securities markets for long-term funds.

The economists of the Bank of Japan and other government agencies want to reduce this dependence on bank-bor-rowed capital. At the same time, the manufacturers want to reduce their dependence on the banks and "banker" control in order to keep the Japan car-tels under control, not let them gain the strangle hold they had on the economy prior to the war. They also want to lower interest rates-a powerful factor, they argue, in Japan's failure to capture capital goods markets in underdeveloped countries. Besides, some Japanese companies believe there would be a great technological benefit from heavier foreign investment, say, through ioint ventures.

• Liberalization—'With this view, Japan is putting on a big drive now to liberalize securities investment, and relax trade and exchange controls. It has:

 Reduced the period during which investments may be repatriated from



RED CARPET was out for visiting U.S. financiers. Here they are greeted at plant of Tokyo Shibaura Electric Co.



BIG TANKER being built at Mitsubishi yard impresses the Americans, but not enough to attract their money.



GEISHAS, too, are trotted out to entertain First Boston's Andrew Overby (left) and other American money men.

eight years to five years-that is, an investor may purchase a stock for dollars but may not remit any of his original capital for two years and then may remit it over a three-year period.

• Lifted the restrictions on foreign ownership of securities from 5%-10% of the stock of one company in one group and from 8% to 15% in a second

group of companies.

It also plans to present to officials of the International Monetary Fund this month a program designed to remove import restrictions on 80% to 90% of Japan's trade within three years, and to reach freer convertibility within less time. At present, about 40% of Japan's import trade is free of controls-while very limited convertibility is expected to be given the Japanese yen starting this week.

These measures go part way, but not far enough, according to U.S. investment men. As one mutual fund manager puts it: "How can I afford to buy Japanese securities and lock up my port-

folio for five years?"

• The Antis-There's no doubt that a growing group of Japanese businessmen and government leaders are convinced that Japanese trade must be freed of controls and that foreign investment

must be encouraged.

During Japan's post-war recovery, it has maintained tight control on the influx of foreign capital to protect Japanese ownership and give home in-dustry a chance to rebuild. It also has restricted imports of foreign goods to protect Japanese industry during its recovery and to conserve foreign exchange. Now that Japan's economy has recovered-and is enjoying considerable prosperity, these leaders want to ease limitations on imports of both capital and goods.

But they are meeting stubborn resistance in some circles, partly from medium-sized companies that feel they will lose out in foreign competition.

There is also the traditional, omnipresent fear of foreign investment as a source of foreign interference and control. Conservative Japanese bankers fear "hot money"-American or European capital seeking high interest yields in Japan but moving out quickly when yields look better elsewhere. There is also the fear of disturbing the market at home-for example, heavy investment in a particular Japanese company might upset the cartelized agreements that exist in most industries, and which divide the markets for various companies.

· Lack of Incentives-For these reasons, Japanese companies are reluctant to bend too far to attract U.S. funds. Over and over during their visit to Japan, for one example, the American financiers told the Japanese they did not believe the higher interest rates alone

would be enough incentive to attract U.S. investors. (The Finance Ministry, in approving foreign loans to Japanese companies, has normally insisted that the interest rate not exceed 7%.) But when the Americans asked for special incentives-such as convertible debentures-the Japanese backed off.

This sort of financing has never been used in Japan, and the thought of an outsider owning such a "mortgage" on common stock shocked many Japanese executives. One prominent financier said such debentures would prohibit the present method of issuing new stock with preferential rights to older stockholders.

While convertibles frighten many Japanese businessmen, it is precisely the sort of thing that could lure more institutional funds to Japan, according to U.S. investment men. As it is, many institutions feel that investment in Japan still is not flexible enough to merit any significant attention.

The Finance Ministry estimates there is now \$26-million in the securities markets held by foreigners; this figure, however, includes holdings by partners in joint ventures. And, unless liberalization is pushed harder, further investment by institutions, at least, is not likely to be

· Driblets-Some small U.S. investors out for the long pull may find the Jap-

anese market inviting even under these restrictions-but Japanese financial men are the first to admit that such a flow of funds can't possibly ease the capital shortage and is not really significant.

The bait for an individual investor is powerful, however. The Japanese have no capital gains tax. Japanese yields are extremely high, compared to U. S. stock yields. In addition, the U. S .-Japan tax treaty provides American investors with 25% credit on Japanese dividend receipts toward U.S. income

But the fact is that in the past U.S. investors have not been that interested. Only once since Japanese law set up the restrictions on foreign ownership have foreign investors come close to the maximum permissible holdings in any one company-and enough foreign investors have since moved out of it that it is now open again for foreign investment.

One reason, of course, is that the Tokyo stock market is hard to keep up with. It is highly volatile, moving up and down without much regard to movements in other stock markets around the world. This year Tokyo has paid little attention to what has been happening in New York and London. The market moved up to record highs, then, following the visit of the American group, it broke sharply twice in two weeks at a time when the failure of the Summit Conference had pushed the New York market up.

Wall St. Talks . . .

. . . about denial of Automatic Canteen merger, Kalvar Corp.'s run-up, Technicolor's rueful denial, Martin's try for Nuclear Corp. stock.

Nathaniel Leverone, chairman of Automatic Canteen of America (46)which hit the top of the most actively traded list on word that it has a device that will make change for \$5 and \$10 bills-denied reports that his company plans a merger with Prophet Co., a Detroit industrial feeding outfit and one of ACA's big customers. But Leverone confirmed that talks had been held with Prophet in the past, added that "if terms could be worked out, the merger would be a natural."

Kalvar Corp., a small New Orleans company that has a new dry photographic process, keeps hitting new highs in the stock market, although it has yet to earn its first dollar of profit. Last week, it sold at \$415 a share, compared to \$230 at the end of March, and the initial public offering price of \$20 in August, 1958. Behind the move is the fact that IBM, Smith-Corona Marchant, as well as several other major corporations are working on copying devices using Kalvar film.

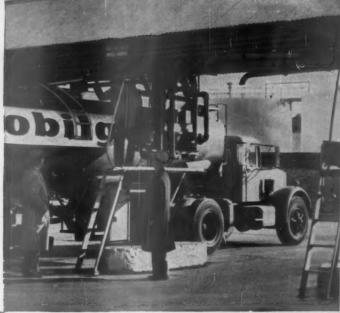
Technicolor, Inc. (85 on the Curb) churned around this week on rumors that it had a contract to produce film for a Japanese company that had succeeded in getting around Polaroid's "picture in a minute" patent position. B. J. Bird, marketing director for Technicolor, said wistfully that "unfortunately there's nothing to it.'

Martin Co. says it is dickering with some of the stockholders of Nuclear Corp. of America-known in earlier days as the Reo Motor Car Co .- for an interest in the company. Nuclear Corp. hit \$4 per share this week, then slipped

Underwriters are dickering to get the business of Scantlin Electronics, Inc., a Los Angeles company that plans a new stock issue sometime soon. Scantlin's new "Quotron"-an electronic table-top quote board-is being tested at Merrill Lvnch, Pierce, Fenner & Smith's Hollvwood office, and first reports are "fabulous." The pushbutton selector can get a broker bid and asked prices, last sales, and a complete scan of a stock's daily trading range within a matter of seconds.



this man is about to spend \$179,000 right here



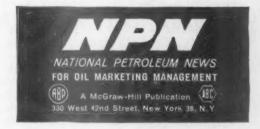


- ◆ The Man: Charles W. Pease, NPN reader and Manager of Mobil Marketing Operating.
- Here: Mobil Oil Co.'s tank truck loading rack at Mt. Vernon, New York.
- ♦ Why he is about to spend \$179,000 there: Present rack at this Mobil distribution terminal is too slow in loading light products. Loading rates range from a low of 150 gallons per minute to a high of 310 gallons. This means excessive time lost under the rack for both trucks and drivers. That means higher than necessary costs. Furthermore, Mobil needs faster, more modern loading facilities at Mt. Vernon to keep the business of the independent "under-rack" fuel oil resellers. In addition, headroom under the rack is inadequate for modern transports and a safety hazard to drivers.
- ♦ How he is about to spend that \$179,000: A new, four-bay high-speed rack will be constructed, including bottom loading connection, remote control meters and pneumatic tube loading ticket transmitter. The new facilities will increase flow rates from a minimum of 560 gallons per minute on kerosene to a maximum of 930 g.p.m. on gasolines and #2 fuel. The new rack also will provide sufficient head room to accommodate the new 7,300-gallon tank trucks, thereby making it easier and safer for drivers to load.

Altogether this year, oil marketing management (both major and independent) will spend over half a billion dollars for equipment and facilities that will make (or save) money for their companies.

For most oil marketing management men, the major source of money making (saving) ideas and implementing product information is the monthly National Petroleum News and its annual FACTBOOK issue.

That's why advertising your products in NPN makes your selling job easier, quicker, and safer.



In the Markets

Favored Growth Stocks Make Gains, As Split in Market Continues

Stock prices this week were mixed, with the bulk of issues showing signs of weakness while a handful of favorites continued to climb. This division of the market, which has prevailed over the past few months, seems likely to be maintained, with investors shunning cyclical or slow-growing issues and pinning all their faith

on the "growth" category.

Brokers report that most investors are worried about the business outlook. The continued decline in the steel operating rate, the prevalence of "hand-to-mouth" inventory policies, and the narrowing of profit margins, in many industries, does not encourage wholesale buying of equities. But this does not mean that investors are neglecting the market-they are continuing either to hold or switch out of the general run of stocks in the hopes of making gains in those with good earnings prospects.

This is producing a real split in the market, with the supergrowth stocks selling at extremely high and probably overvalued levels, and with many other groups selling at low, if not undervalued, prices. If business firms up, the chances are that the cyclical issues and other stocks now out of favor will climb faster than the growth stocks and many analysts are now saying that with little chance of recession developing, the best buys

are in the cyclical area.

New York Central Enters Rival Bid For Control of Baltimore & Ohio

The New York Central RR and the Chesapeake & Ohio Ry.-both controlled at one time by the late Robert R. Young-locked horns this week in what could become an epic struggle for a rich prize: the Baltimore & Ohio RR, the nation's sixth largest in assets. In the middle is the Interstate Commerce Commission, with the power to decide which road will win. As yet, it

hasn't indicated which way it intends to jump. Central's Pres. Alfred E. Perlman has offered to acquire 1.55-million B&O shares (60% of the outstanding common) for a combination of Central stock and cash worth-at current market-about \$42.50 per B&O share, which sold this week at \$36. This compares with an earlier bid from the C&O for a tax-free swap of its shares for 80% of B&O's common. The offer is conditioned on acceptance by 80% of B&O stockholders (BW-Jun. 18'60,p31). The C&O's terms, 13 B&O shares for each C&O share, amounts to \$35 at the current market.

Lined up on either side of the struggle are Wall Street's two largest brokerage houses. Merrill Lynch, Pierce, Fenner & Smith, Inc., will solicit shares-for a fee of about 35¢ a share-for the C&O. Bache & Co. will perform the same service for the Central.

Behind the fight is the Central's need to maintain its competitive position in the face of mounting financial difficulties. Though it is the largest of the three roads, it is barely breaking even, while the C&O-far smaller in terms of assets-has been a steady money maker.

C&O is currently paying \$4 a share in dividends on its common, and it proposes to maintain this rate on the greater number of shares that would be outstanding if it is successful in its bid for the B&O. The Central, on the other hand, has no steady dividend rate, though it has paid 50¢ a share so far this year. This helps explain the difference in the current value of the two

It was the Central's profit problems, plus its massive \$800-million debt load, that led Walter J. Touhy, C&O president, to turn down Perlman's earlier suggestion of a three-way merger between the Central, the C&O, and

Meanwhile, the ICC has slapped down the Central's bid for a full-scale study of the rail merger movement. Any general investigation of mergers, ICC said, might result in "undue delay" in pushing through needed economies and improvements in rail service.

Williston & Beane Prunes Branches, Plans Merger With Underwriter

J. R. Williston & Beane, one of the oldest brokerage houses in Wall Street, seemed to be expanding and

contracting at the same time this week.

Alpheus C. Beane, a top partner at Merrill Lynch, Pierce, Fenner & Beane (now Smith) before he left to become senior partner at Williston & Beane, said he hopes to merge with a small Wall Street underwriting firm that will add depth to his present setup.

He declined to name the company, but Wall Street hears the deal will be complete within a month.

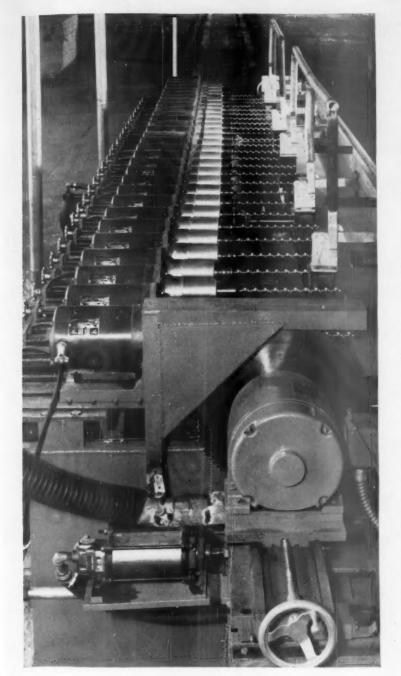
The merger move follows a big personnel shakeup and business retrenchment at Williston & Beane. Four partners have resigned. And the firm has sold its two Florida offices, one at Miami Beach, the other at Boca Raton, to H. Hentz & Co. There are rumors that its Chicago branch also will be sold. This will leave W&B five offices in the New York metropolitan area.

Beane admits that the company has been having growing pains since he took over in April, 1958. "We probably expanded too fast," he says, in turning Williston from a straight brokerage into a department-store type

Beane, who reportedly left Merrill Lynch when he was not made top man, is intent on building W&B into a major house, and he has been pouring money into the firm both for modernization and expansion.

At first, expansion seemed to pay off. By the end of 1959, the firm's business had tripled-total income last year was \$3.3-million. But the drop in trading volume this year, combined with rising overhead, has hurt expansion plans.

Beane says the Florida offices weren't carrying their weight, and that's why they were dropped. But Richard R. White, manager of the Miami Beach office and one of the resigning partners, says there was absolutely nothing wrong with his branch's business.



These Wagner Motors Provide ...

A WHOLE BANK OF POWER FOR HOLE BORING

Those are Wagner polyphase motors lined up behind the bits. Thirty of them, each rated at one horsepower. They provide the muscle needed to drill thirty holes through six 2 x 4's, simultaneously and in six seconds flat. The saw on the end of the rig—powered by a five horsepower Wagner "Doubly Protected" polyphase motor—cuts the boards to size at the same time.

This wood boring machine, manufactured by the Indiana Foundry Machine and Supply Company, is installed in the new Kopper's Company, Inc. Plastics Division plant in Detroit, Michigan.

It's not too often that you see thirty motors lined up like this, providing power for one machine. But, whether the number of motors in a particular application adds up to 3, 30, or 300... if they're Wagner Motors, you know they're really doing a job. That's usual, for Wagner Motors have been getting the job done for more than 65 years. And, a program of constant research and development in electric motor design makes sure that Wagner Motors will continue to lead where it counts... in performance!

Mind a suggestion? Call your nearby Wagner Sales Engineer for an analysis of your next motor application, be it for plant or product. Whatever your requirements, Wagner can supply a standard motor, or build a special motor to fit your needs. There are Wagner branches in 32 principal cities across the country, at your service.

Wagner builds Polyphase Motors in ratings from 1/6 through 1,000 hp.; single phase, 15 hp. and smaller.



BRANCHES AND DISTRIBUTORS IN ALL PRINCIPAL CITIES

Wagner Electric Corporation

6460 PLYMOUTH AVENUE, ST. LOUIS 33, MISSOUR!

WM60-18





"INFORMED CITIZENS ARE THE GUARDIAN AND SPIRIT OF DEMOCRACY"

-President Dwight D. Eisenhower

"For more than a century, our magazines have spoken out on domestic and international matters—sometimes from a highly individualistic view; often with broad vision. It is inevitable that none of us will always agree with, or like, all that magazines have to say. But over the years, magazines have provided new ideas, brought fresh insight into old problems, shed light on new ones, and have served to inspire and advance our understanding and knowledge on many subjects—from the arts to finance, from government to science, from the individual to the world scene. Our magazines are a leading force for moral and cultural growth in our country, and one of our surest guarantees of an informed public."



This message is presented by

BUSINESS WEEK

on behalf of America's magazines

"... there is a real place in New York for conservatively managed banks and trust companies of moderate size where customers may have easy access to and personal acquaintance with the senior officers..." OUDTED FROM "THE BARK'S BECLABATION OF PRINCIPLES"



THE mind, The BANK OF NEW YORK

Most fiduciary plans are made with the long view in mind, often to provide benefits from generation to generation. To accomplish this objective, The Bank of New York brings specialized skills in meeting modern-day trust and investment complexities . . . and a perspective that comes from 130 years' experience in the trust field.

New York's First Bank · Founded 1784

PERSONAL BUSINESS

BUSINESS WEEK JULY 2, 1960



If you will be in Rome this summer—perhaps for the Olympics—you'll find the Eternal City offers a myriad of attractions unaffected by the change of seasons.

The best hotel accommodations were reserved months ago. But if you can book air or sea passage through a top travel agency, it probably can find preferred lodgings for you. The reason: Much of the reserved space is in the names of agencies and carriers.

Leading hotels are the Excelsior (on fashionable Via Veneto), the Grand (where some royalty is frequently registered), the Bernini-Bristol (newest luxury hotel), and the Hassler, atop the Spanish Steps. Top price for a double with bath is \$17, exclusive of the service charge (15% to 20% of the bill).

One of the greatest pleasures in Rome is leisurely dining—almost a ritual. Plan to allow two or three hours for it. Your food, no matter where you go, will be cooked to order—so expect to wait. Keep in mind, too, that dinner usually is served at 9 or 9:30 o'clock. Best places to eat (\$8 to \$15 for two) are Capriccio's on Via Liguria, a Roman version of Sardi's, where the movie crowd goes; Alfredo all'Augusteo, for fettuccine (buttered egg noodles with cheese); Hostaria dell'Orso, in business since Dante's time; Palazzi, a luxurious converted villa; Biblioteca, for local color.

As for what to order, you won't go wrong if you eat what the Romans do. Try these specialties: cannelloni (baked, stuffed tubular pancakes with meat sauce); gnocchi (potato dumplings with tomato sauce and cheese); saltimbocca alla romana (veal slices around ham, flavored with herbs and cheese); abbacchio alla romana (roast young lamb with piquant seasoning).

Rome's first vegetable is the delicious and versatile carciofi (artichoke), barely resembling American or French varieties. For dessert, try the tiny wild strawberries (fragoline), usually served with lemon juice and sugar, or Marsala wine. If you prefer fresh fruit, do as the Romans do—use your knife and fork.

A word about tipping. First of all, don't forget that your hotel porter can be your righthand man. He'll smooth your path, making all arrangements for your needs. For these services you'll tip him 5% of your total bill. Here are suggested gratuities in lire for other personal services: chambermaid, 100 daily; hotel porter, 100 for one bag, 150 for two; doorman, 100; waiter, 10% to 15% of the bill in addition to service charge; head waiter, 500 to 1,000 per party; checkroom or washroom attendant, 50 to 100; theater usher, 100; taxi driver, 15% of fare, with 100 minimum.

Sightseeing offers a real challenge in Rome. No matter how long you stay, there's never enough time to see it all. Best way to see most of it is a private tour, either by rented car (with English-speaking chauffeur) or horse-drawn carriage.

As you know, Rome is a city of magnificent churches—nearly 400 altogether. St. Peter's Square and the Basilica are probably the most memorable. At the Vatican you'll want to allow plenty of time for the Museum where you'll see Michelangelo's famed Sistine Chapel, among other wonders. If you want to arrange an audience with the Pope, you'll probably find that your guide or the hotel management—or possibly a friend at the U.S. Embassy—will assist you. You also can write in advance for tickets to the North American College in Rome.

While your guide will, of course, keep you well informed about Rome's famous sights, you might want to keep these suggestions in mind: a Sunday

PERSONAL BUSINESS (Continued)

BUSINESS WEEK JULY 2, 1960 morning visit to the bustling Flea Market, a trip to the fountains at nearby Tivoli's Villa d'Este, and an opera performance at Carcalla. Aida under the stars has pomp and plenty of circumstance, with elephants, camels, horses, and several thousand people crossing the stage under lights balanced atop broken marble columns. Even though you might not be in Rome during the Olympics, take a look anyway at the new \$29-million Olympiad installations, world's most elaborate athletic plant (BW—Apr.23'60,p142).

In contrast to Paris and London, Rome has very few night club activities. But you'll find the Cabala atop the Rostaria dell'Orso a posh supper club. On the brassier side, there's Bricktop's, a favorite night spot with foreign celebrities, especially Americans. The Jicky Club, Il Pipistrello, and the Kit-Kat are hideaways featuring dancers who feel overdressed in bikinis.

Summers in Rome are usually hot so be sure to plan your wardrobe accordingly. Lightweight suits and cool shirts for daytime wear are a must. However, the city does cool off somewhat by early evening when most visitors do their shopping. Rome shops close at 1 p.m. and reopen from 4 p.m. to 7:30 p.m. in summer.

Shopping is in a class by itself; your wife will probably have a great time. Most fashionable shopping streets are in the area of the Spanish Steps. Via Condotti, Via Sistina, and Via Gregoriana abound with quality stores where you can buy exquisite leather goods, custom-made clothes, shoes, silks, handsome lingerie, and fine jewelry. Even if shopping doesn't ordinarily interest you, note that the Italians perform miracles with silk. So take the time to look at some ties and shirts, at least.

Just introduced for your boating pleasure is a cruiser of glass fiber that requires a minimum of maintenance. Called the Take-A-Chance, the 41-ft. boat uses fire-retardant plastic in its hull and much of its superstructure. It has a top speed of 36 mph., cruises at 24 mph. The craft is the first of a planned fleet with sizes varying from 30 ft. to 41 ft.

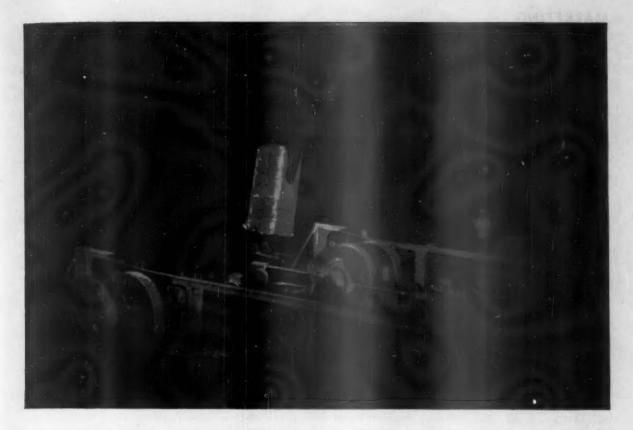
The cruisers have either gasoline or diesel engines; price range: \$24,000 to \$40,000 (Chance & Associates, Inc., P. O. Box 306, Waldorf, Md.).

That science-minded youngster who gets restless during summer vacation might like a series of "portable laboratories" designed by a team of scientists and educators.

Each lab comes with precision equipment, material for experiments, and a well-planned instruction manual. The range of subjects is wide—from analog computers to Geiger counters and complex machines (\$1.95 to \$225; Science Materials Center, 59 Fourth Ave., New York 3).

See the U.S.A. Dept.: America's National Monuments and Historic Sites, by E. John Long, a guide in pictures and text (\$5), and Washington, by Michael Frome, an informative companion for visitors to the nation's capital (\$3.95), come out soon. Both are Doubleday publications.

Polio. Don't look for the U. S. Public Health Service to license a livevirus vaccine to combat polio for a while yet. However, the department expects that eventually vaccine meeting its standards of safety and effectiveness will be developed for oral administration.



planning a new plant?.. choose a community that will help you grow . . . DETROIT STEEL CORPORATION WAS



Production records, set by DSC men like this steel pickling crew, are made to be broken, and have been, time and again. DSC officials are quick to praise the area's skillful, in-dustrious wurkers.



Plant tour, during city's Business-Industry Education Day, annually attracts more than 20,000 visitors, evidence of the area's interest in its corporate citizens.

"choosy" in selecting PORTSMOUTH, OHIO, for a major steel mill. Here they sought and found an area that offered tremendous industrial potential and people who were planning the future. Detroit Steel's confidence in the area has been justified — as proven by six major expansions since 1950.

THE NEW Norfolk and Western



MANY FINE PLANT SITES, with advan-tages similar to those enjoyed by Detroit Steel, are now available along the lines of today's fast-moving, dy-namic new Norfolk and Western. For information, write, wire or telephone H. P. Cotton, Assistant Vice Presi-dent, Norfolk and Western Railway, Roanoke, Virginia.



Hot Fight to Keep Engines Cool

Chemical companies are vying energetically to sell motorists on competing versions of permanent antifreeze.

The new products are billed as lasting a year or more, with no need for the traditional change with the season. They prevent freezing in winter and overheating in summer.

Marketing will be different, too, with sales exclusively through service stations, garages, and the like.

Spring is the time of year when the motorist takes his car to the garage, drains out his antifreeze, "summerizes" the car, and starts pouring in water to keep it cool.

This spring, something new came into the picture—a battle of giants that may shake up the motorist's routine and bring some new ways of marketing.

Dow Chemical Co. started the furor. In January, it announced the "first all-year cooling system fluid," one that "will replace antifreeze, water, and rust inhibitors and eliminate seasonal draining." Dowgard, as it's called, will protect the car for one year, the company said (BW-Jan.9'60,p44).

said (BW-Jan.9'60,p44).

In April, E. I. du Pont de Nemours & Co. announced "the first antifreeze that can be used safely year after year."

Telar, du Pont's new product, is described as a "never-drain" product, good for the life of the car.

Early in June, Union Carbide Consumer Products Co., whose Prestone has dominated the antifreeze market, said it would introduce a companion cooling system product, "Prestone Long-Life Coolant" good for several seasons.

Coolant," good for several seasons.

• Sales Surge—Antifreeze sales have been climbing steadily. Last year, according to the Chemical Specialties Manufacturers Assn., industry sales came to 121.5-million gal., some 10% ahead of 1958. Dollar sales at retail are estimated at roughly \$300-million.

I. The War Begins

Alongside the \$4-billion total sales of the three big chemical companies, the dollar figure looks relatively minor. The question arises: What's all the shooting about?

For it certainly looks like shooting. Dow took off in March with a network TV program; in April added Life, Look, and Saturday Evening Post, plus a newspaper bombardment; continued all three media in May. It will run heavily with printed media all summer, crash through with TV again in the fall.

Du Pont next fall will put on "the biggest introductory ad campaign it has ever undertaken for a consumer product." And Union Carbide promises "the largest advertising campaign in the company's history"—for straight Prestone.

William R. Dixon, general sales manager of Dow, explains. "We are envious of that household word, Prestone." Dow is anxious to move in closer to the consumer, as it has with its Saran wrap. The company had done a brisk business in selling antifreezes for private labels—mainly to big oil companies. With Dow a prominent part of its new product's name, it hopes to make a firmer imprint on the consumer. Further, says Dixon, "The cooling system is the most neglected part of the car."

 Corrosion-Proof—There are reasons emanating from Detroit that make a year-round coolant look particularly attractive right now.

In an auto cooling system the antifreeze (in most cases with ethylene glycol as a base) combines with impurities in water to form a corrosive that would quickly start eating away whatever engine parts it came in contact with. So a rust inhibitor is added, to make the metal parts electrically neutral and stop the electrochemical action that is the real cause of corrosion.

After a while, though, the inhibitor gets so worn down from the battering it gets in the cooling system that it can't be relied on to do the job. The advent of aluminum into car parts complicates the picture. Aluminum, a better conductor of electricity than steel, presents some particularly acute corrosion problems. Inhibitors that would work with a variety of metals as well with the rubber hose had to be developed.

II. Three Approaches

Actually, companies have described the antifreezes they have been selling as "permanent." By this, they have meant one dose will last out the season. Thus, Prestone carries a guarantee that it will protect the car for the winter. Some motorists have left the antifreeze in the year round. But the new "permanent" coolants aim at a longer life. Says du Pont, the chemical companies have come up with a new blend of inhibitors that won't wear out. By preventing corrosion, Dow stresses, the inhibitors prevent the clogging that causes engines to overheat.

The chemicals producers have taken quite different approaches to the problem. Essentially, insists R. P. Bergan, vice-president of Union Carbide Consumer Products, the products themselves are not chemically new. What is new is the marketing concepts they embody.

Dowgard is an innovation in marketing: It's a full-fill package. You fill the entire cooling system, seal it, and leave it for 12 months. The water, a superdistilled deionized water, is in the blend. The motorist adds nothing.

Telar is a concentrate. The motorist adds water from time to time, just as he did before. Du Pont says its new inhibitors work just as well with hard water as with soft, so there's no trouble from water impurities. Nevertheless, if through some default of the system—leakage of air, or the like—Telar should be contaminated, the fluid turns from its normal red to yellow.

Union Carbide has gone the du Pont route. Its new Prestone is a concentrate to which motorists adds water. The company sets no fixed limit on the life of its product except to say it will outlast the year.

• Price List—Prices are hard to compare since Dowgard sells on a "fill" basis. An average cooling system might require some \$10 worth of Dowgard vs. \$5 or \$6 worth of the conventional types. Telar is priced at \$5 a gal. vs. \$3.25 for du Pont's Zerex and \$1.60 for Zerone. The new Prestone also sells at \$5 per gal. vs. a suggested list of \$3.25 for conventional Prestone sold by a servicing dealer. Taking into consideration the new coolant's longer life, says Bergan, the new Prestone is the economy product.

III. How to Market

Union Carbide makes no bones that its heart really isn't in its new project. It brought out the new Prestone as a defensive action to meet the new competition. It feels that the market for a multi-season product is small.

Actually, a growing number of consumers apparently don't change their antifreeze every year. Studies made for



NEW SPEED CLIP® ANCHORS WIRES, CABLES, TUBING, RELIEVES STRAIN, SIMPLIFIES ASSEMBLY

Made specifically to attach cables, wires, harness, or tubing firmly to panels, this newest Tinnerman Speed Clip is readily snapped into place in only 3 simple steps. Prelatch it on the conductor or tubing, insert Speed Clip in panel hole, then push home to lock. Assembly costs are reduced because assembly time is cut to the minimum.

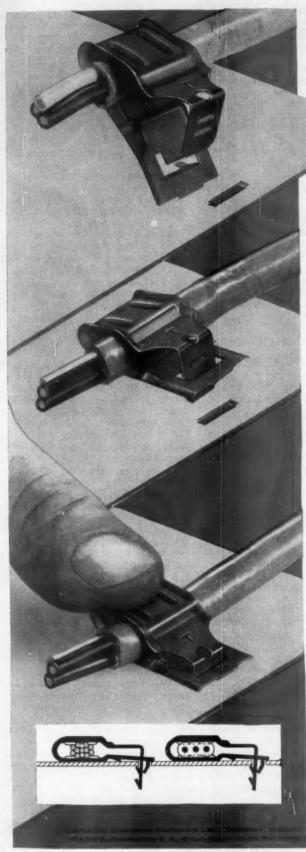
Tinnerman Speed Clips also serve as trouble-free strain-relief clamps—they are used extensively on appliances for attaching 3-wire round or horizontal section rib cord, and easily withstand the 35-pound pull test requirements. Double latch permits pre-assembly and accurate retention of Speed Clips to wire or harness before panel assembly for further savings in assembly time. Double-rib retainers grip tightly on round or rectangular cords from .175" round to .306 x .515" rectangle. Important, too, Speed Clips can easily be removed from the mounting side.

Ask your Tinnerman sales representative for samples and prices. He's listed under "Fasteners" in most Yellow Pages. Or write to:

TINNERMAN PRODUCTS, INC. Dept. 12 • P.O. Box 6688 • Cleveland 1, Ohio



GREAT BRITAIN: Simmonds Aerocessories Ltd., Treforest, Wales, , Suresnes (Seine). GERMANY: Mecano-Bundy GmbH, Heidelberg.



e.

ne

es W

V.

ie

e

d

st

ie

i-

er

m if

d

n

ie

11

nt

al

0

of

t.

n

ir

0

fewer farmers, yes ...BUT INCREASED SPENDABLE INCOME!



MEET Farmer Herbert Werstler.

He grossed more than \$20,000 in 1959. He's typical of the new-type farmer in Michigan — young, alert, sharp with figures.

As farming reaches new levels of efficiency, capital needs increase. Those who don't measure up sell out and are replaced by others like Herb Werstler . . . farmers who have purchasing power undreamed of only a few years ago.

Michigan farmers now have a yearly spendable income of \$950, 600,000 — making Michigan "top third" in farm income among all

50 states.

You can reach these "top third" Michigan farmers most effectively with MICHIGAN FARMER, where articles are edited for their own crops, their own soil, their own state. Michigan farmers prefer their own state farm paper 2 to 1 over any other farm publication.

Your ads in MICHIGAN FARMER have the support of local editing. Want proof? Send for free folder.

Michigan Farmer

EAST LANSING, MICHIGAN



STRAIGHT-LINE ADVERTISING ovailable also in THE OHIO FARMER • PENNSYLVANIA FARMER THE INDIANA FARMER • THE KENTUCKY FARMER THE TENNESSEE FARMER & HOMEMAKER du Pont indicated that in the 1958-59 season 62% installed all-new antifreeze in the fall. Another 27% added new to what was already there; 11% added none.

• Aimed at Buffs—Dow insists that there's a significant market—which it estimates at anywhere from 15% to 25% of all motorists—for a product that aims at better protection. Dow is shooting for this group—the real car buffs who worry about what's going on under the hood, sports car enthusiasts, for example.

This is why Dow has geared its whole merchandising to the cooling aspect of Dowgard. Says Dixon: "The freezing problem has long since been licked. Cars don't freeze any more. But you still see plenty of cars stalled in sum-

mer with boiling engines."

So Dow broke violently with industry tradition, which aims promotion at the fall for the short selling season. It blew its promotional horn hard early in the spring, at the time when cars are drained of antifreeze, to underscore the coolant benefits of Dowgard. In fact, the word antifreeze as applied to Dowgard is strictly taboo.

• Profits Restored—Dow had as a prime objective the prevention of a practice that, it feels, has come close to ruining the business of selling the conventional products in the field: broadside distribution through supermarkets and discount houses. This has squeezed antifreeze prices down. "There's hardly any profit left for the servicing dealer," Dixon says.

Only servicing dealers may sell Dowgard: service stations, garages, car dealers. Over-the-counter sales are taboo. The company had no difficulty in lining up all the wholesalers it wanted; it now has more than 220. It did it by the simple technique of offering its wholesalers the kind of profit they used to make on antifreeze, Dixon says.

• Stress on Servicing—Union Carbide and du Pont acknowledge some truth in Dow's view. Cash-and-carry sales of antifreeze ran to some 45% of total sales in 1958-59, according to du Pont. Servicing dealers have been forced to cut prices to meet the do-it-yourself competition. Like Dow, both will market their new products only through servicing outlets.

To stabilize the pricing picture further, Dow and du Pont are selling to wholesalers on consignment, for the present at least. In any case, it is easier to get distribution of an unknown product this way. Union Carbide has followed this policy for a long while. Wholesalers would be reluctant to tie up much in inventory in a product with such a short sales period.

• Selling Strategy—It is something of a trick to keep the ball rolling on the old type of product while pushing the new. Union Carbide uses different media.

Conventional Prestone will get heavy TV backing, plus some radio and newspaper, with only a small magazine program. The new coolant will be promoted in magazines only. You can't sell two products in a one-minute commercial, Bergan says.

Dow apparently agrees. At least in its introductory splash, the company took two-minute commercials to tell the story

of Dowgard on TV.

IV. Pros and Cons

You can expect to see the fur fly in the coming selling season, as the competition really warms up. One argument will be over the merits of the full fill vs. the concentrated product.

Dow's competitors try to make a liability of what Dow considers a strong asset: the extra purity of its water. The rivals say if more fluid were needed because of leakage, the motorist would throw the whole batch out of whack by adding a little tap water. Dow concedes that if there is any leakage, only new Dowgard will do the trick.

Du Pont argues, too, that Dowgard offers more protection than many motorists need. Dowgard claims to work in a temperature range of -40F to +240F. There are plenty of regions where the temperature range isn't anywhere nearly this great, says du Pont.

On the other hand, Dow feels that the 12-month period is safer than the longer, less precisely stated limits for the concentrates. Use of its product gives the engine the yearly cleanout it should have, Dow says.

• Time Will Tell—There's a difference of opinion over marketing strategy, too. Dow claims that service stations dislike the slow, messy job of a thorough flushing. Union Carbide argues just the reverse. The twice-a-year workout with conventional antifreezes gives the dealer two cracks at the car—and a chance to make repairs and sales. "We wonder," says Bergan, "how the serviceman is going to like the curtailment of these opportunities."

Union Carbide is going to place by far the bulk of its promotion on its regular Prestone. "There's no better coolant than water and a good inhibitor," Bergan argues. "We have had similar products in our laboratories for vears, but we saw no necessity for bringing them out. Conventional Prestone still looks like the best bet, for the dealer and the car."

Dow's Dixon makes a concession at this point. "If one thorough cleaning a year is good," he says, "two are

better."

Time will tell which view is right. Bergan says. "The consumer is the boss. If he wants to buy the longer-life products, who are we to say him nay?" END

MARKETING BRIEFS

Westinghouse Electric Corp. is restyling its circle W trademark (picture)



and modernizing its logotype. The new symbols will make their appearance July 10 in the company's first telecast of the Democratic

convention in Los Angeles. The new trademark and logotype were designed by Paul Rand, graphic arts expert, and are part of a broader design program under Eliot Noyes, consultant director.

The flurry of new and different cigarette filters came full circle this week as Brown & Williamson announced it will introduce nationally a tobacco-filtered cigarette. The new brand, Kentucky Kings, features a separate filter made exclusively of finely cut tobacco. Back Claims "medium efficiency" for its filter. Several weeks ago the company began national distribution of another new brand—Belair, a mild menthol type boasting a recessed paper filter.

Mutual Broadcasting System will join the growing number of radio stations taking open editorial stands on national issues (BW-Mar.5'60,p94). Mutual will provide editorials for its more than 450 affiliated stations, most of which are located in small cities and towns.

Recognizing service as a "major function of management," Whirlpool Corp. has established the new position of Director of Customer Quality and Services. The new executive will see to it that every phase of the company's activities, from product design to servicing, offers the customer "quality assurance."

Magic Mountain, Denver's Disneyland type of amusement park that has been plagued by financial troubles (BW—May21'60,p32), will open June 30 with at least a partial line of attractions. Financier Allen J. Lefferdink, the project's backer, made the opening possible by raising loan money from stockholders and agreeing that all park income this summer will go to pay off outstanding debts. Meantime, Freedomland, New York's big new amusement park, is well launched, playing to crowds of 50,000 on weekends.

S. S. Kresge Co., Detroit-based variety-department store chain, took further steps toward expansion west and south. It began construction in San Diego, Calif., of the first of its new stores in that state, thereby stretching its operations coast-to-coast. Recently, the chain opened two stores in Puerto Rico.

This advertisement is not an offer to sell or a solicitation of an offer to buy these securities.

The offering is made only by the Prospectus.

NEW ISSUE

750,000 Shares

Harvey Aluminum (Incorporated)

A Common Stock

(Par Value \$1.00 Per Share)

OFFERING PRICE \$22.75 PER SHARE

Copies of the Prospectus may be obtained in any State only from such of the undersigned and others as may lawfully offer these securities in such State.

Kuhn, Loeb & Co.

Tucker, Anthony & R. L. Day

Goldman, Sachs & Co. Harriman Ripley & Co. Lehman Brothers Merrill Lynch, Pierce, Fenner & Smith
Interpretated

Stone & Webster Securities Corporation

White, Weld & Co. A. C. Allyn and Company

A. G. Becker & Co.
Interpretated

Lee Higginson Corporation

Carl M. Loeb, Rheades & Co.
Paine, Webber, Jackson & Curtis

Shields & Company

Hayden, Stone & Co.
Harriman Ripley & Co.
Lehman Brothers

Merrill Lynch, Pierce, Fenner & Smith
Lacerporated

A. C. Allyn and Company

A. G. Becker & Co.
Interpretated

Lee Higginson Corporation

Carl M. Loeb, Rheades & Co.
Paine, Webber, Jackson & Curtis

Shields & Company

Hayden, Stone & Co.

June 22, 1960

This advertisement is not an offer to sell or a solicitation of an offer to buy any of these Shares. The offering is made only by the Prospectus. NEW ISSUE

500,000 Shares

Growth Capital, Inc.

A Federal Licensee under the Small Business Investment Act of 1958

Common Stock

(Par Value \$1 per share)

Price \$20 per share

Copies of the Prospectus may be obtained from only such of the undersigned as may lawfully offer these Shares in this State.

Paine, Webber, Jackson & Curtis McDonald & Company

A. C. Allyn and Company Bache & Co. Francis I. duPont & Co.

Goodbody & Co. Hayden, Stone & Co. Reynolds & Co., Inc.

June 9, 1960



HALL OF THE AMERICAS, in Pan American Union Building, Washington, houses International Petroleum show of Colombian art.



AMBASSADORS meet: Marcos Falcon-Briceno (left), Venezuela to U.S.; Juan Bautista De Lavalle, Peru to OAS.



PRE-CHRISTIAN artifacts attract attention of woman visiting show. These Indian relics are thousands of years old.



RELIGIOUS painting in ornate frame dates from early part of Colombia's rule by Spain, shows influence of missions.

Oil Company's Art Show Wins

When the International Petroleum Co., Ltd., started gathering Colombian art objects last year, its aim was an exhibition at a small Bogota art gallery as a goodwill gesture. Unlike other projects of this kind that American companies operating overseas often un-

dertake, this public relations effort snowballed. The result was the opening last week at the Pan American Union in Washington, D. C., of what is probably the biggest art exhibit ever brought to the United States from South America (pictures). The show, billed as "Thirty-Five Centuries of Colombian Art," is a collection of more than 600 items borrowed from leading museums throughout Colombia as well as from more than 30 private collectors. Its impact has spread far beyond the serious art world.





FIRST-NIGHT GUESTS pause for cocktails on balcony of a courtyard dressed up with fountain and tropical foliage and birds.



DIRECTOR GENERAL of Organization of American States, Jose Mora (right), with OAS and Colombian officials at opening.



ABSTRACT PAINTER Eduardo Ramirez, one of few Colombian artists to attend show opening, poses while relaxing.

Friends in Colombia

• More Than Patronage—By taking an active interest in art, as are a growing list of American companies (BW—Mar. 26'60,p30), International Petroleum has achieved more than mere sponsorship of a splashy show in Washington. The company, an affiliate of Standard Oil

Co. (New Jersey), has been enthusiastically acclaimed in Colombia, where it has a \$100-million investment. It has been hailed in the Bogota press for boosting the prestige of Colombia abroad. When a large part of the exhibit was shown in Miami earlier this

BUSINESS WEEK . July 2, 1960

m

ia

te

ar

This advertisement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.

NEW ISSUE

June 21, 1960

300,000 Shares

ALSIDE, INC.

Common Stock

Price \$11 Per Share

Copies of the Prospectus may be obtained in any State in which this announcement is circulated from only such of the underwriters, including the undersigned, as may legally offer these securities in compliance with the securities laws of such State.

Reynolds & Co., Inc.

Eastman Dillon, Union Securities & Co. Hornblower & Weeks

W. C. Langley & Co.

Paine, Webber, Jackson & Curtis



the nicest things happen to people who carry FIRST NATIONAL CITY BANK TRAVELERS CHECKS



BUSINESS WEEK

maintains news bureaus and correspondents in 60 cities in the United States and possessions.

OUR POSTAL ZONE NUMBER...

is New York 36, New York. Please include yours whenever you write a letter. Mail will go more quickly, both ways.



EARLIER OPENING at Lowe Art Gallery of University of Miami, Coral Gables, drew crowd around collection of pre-Columbian gold. Show was expanded in Washington.

year, the president of Colombia, Dr. Alberto Lleras Camargo, presented the Silver Cross of Boyaca to International Petroleum—the first time that this top Colombian decoration has been given to a private foreign company.

A measure of the pride that Colombia takes in the idea of showing off its art treasures is the fact that Pres. Lleras himself urged International Petroleum to follow up its Miami show with an expanded one in Washington before the exhibition is returned to Colombia.

• Ho-Hum—The Washington opening got the full VIP guest list treatment. The more than 500 people in the first-night crowd included several South American ambassadors to the U.S. and the Organization of American States and a number of U.S. State Dept. officials, but there was a disappointing turnout of top U.S. government and Congressional names.

Although official Washington apparently wasn't too interested in the show, the Colombians and International Petroleum people who were present agreed that it would aid relations between Colombia and the U.S. companies that do business there. On the other hand, International Petroleum is careful to avoid the implication that the art show is tied to its exploration, refining, and retailing operations.

• Art Through Ages—The show itself ranges from the gold work and ceramics of early Colombian Indian civilization to the work of contemporary abstract painters. Exhibits trace the development of Colombian culture through 10 major Indian civilizations as well as the paintings and sculptures made during the time of the Spanish conquistadores and the 150 years of Colombian independence.



BUSINESS WEEK



Momber Magazine Publishers Association

Index of Advertisers in the July 2, 1960 Issue

ALLEGHENY LUDLUM STEEL CORP	THE B. F. BOODRICH CHEMICAL CO 16 Agency—The Griswold-Rabbeman Co.	REMINGTON RAND, DIV. OF SPERRY RAND CORP. 35 Agency—Qardner Adv. Co., Inc.
ALLEN-BRADLEY CO	GOODYEAR TIRE & RUBBER CO. (CHEMICAL DIV.)	REYNOLDS & CO
AMERICAN CREDIT INDENNITY CO 34 Agency—VanSant, Dugdale & Co., Inc.	TRANITE CITY STEEL CO	ROYAL MeBEE CORP. (DATA PROCESSING DIV.) Agency—C. J. Lalloche & Co., Inc.
AMERICAN TELEPHONE & TELEGRAPH CO	YOUDAILLE INDUSTRIES, INC	SATURDAY EVENING POS)
THE BANK OF NEW YORK	HYDROWAY SCALES, INC	SHELL CHEMICAL CORP
THE BASSICK CO	INTERNATIONAL BRNO FAIR 6 Agency—Rapid Adv.	SOLAR AIRCRAFT CO
BEMIS BRO. BAG CO	INTERNATIONAL NICKEL CO., INC 29 Agency—McCann-Marechall Co., Div. of McCann-Erickson, Inc.	STATE OF ARKANSAS
BURLINGTON INDUSTRIES, INC	INTERNATIONAL PAPER CO	TEXAS INSTRUMENTS INCORPORATED 32 Asoncy—Don L. Baxter, Inc.
BURROUGHS CORP4th Cover Agency-Campbell-Ewald Co.	I-T-E CIRCUIT BREAKER CO 54 Agency—Gray & Bogers	TINNERMAN PRODUCTS, INC
BUSINESS WEEK65-69	KUHN, LOES & CO	WAGNER ELECTRIC CORP
CALIFORNIA FEDERAL SAVINGS 6 Agency-Melvin A. Jensen, Inc.	MAGAZINE PUBLISHERS ASSN., INC96-91 Agency—McCann-Erickson, Inc.	WESTERN UNION TELEGRAPH CO 29 Agency—Benton & Bowles, Inc.
THE CHASE MANHATTAN BANK 3 Agency—Compton Adv. Inc.	P. R. MALLORY & CO., INC	The second second
CHICAGO, ROCK ISLAND & PACIFIC R.R 4 Agency—Aubrey, Finlay, Marley & Hodgson, Inc.	McDONALD & CO 89 Agency—Edward Howard & Co.	ADVERTIBING SALES STAFF Bildwotern Advertising Sales Manager John P. Taylor—Chivage Bastere Advertising Sales Manager C. C. Randelph—New York
CLARY CORP	MICHIGAN FARMER	Atlanta SDouglas C. Billian, 184 Peachtree St., N. W. Jackson 3-5851 Boston 16Kent Sanger, Park Square Bldg.,
COMBUSTION ENGINEERING, INC 67 Agency—G. M. Basford Co.	MONBANTO CHEMICAL CO (PLASTICS DIV.) Agency—Needham, Louis & Brerby, Inc.	Hubbard 3-7100 Chlosac II
CONTROL DATA CORP8-9 Agency—Ryan-Coleman Inc.	MOTOROLA COMMUNICATIONS & ELEC- TRONICS, INC. 61 Agency—Rold & Abraham, Inc.	Denver 2 John W. Patten. 1760 Broadway, Alpins 5-3881 Detreit 28 G. Robert Griswold, Richard J. Mo- Gurk, Panoshoot Bidg., Woodward 2-1783 Heaston 25 Gene Holland, Prodential Bidg., Jackson 6-1281
FIRST NATIONAL CITY BANK OF NEW YORK Agency—Albert Frank-Quenther Law, Inc.	NATIONAL PETROLEUM NEWS 87 Agency-Van Brunt & Co.	Les Angeles 17 Alfred L. Blessing, 1125 West. Sixth St., Rundley 3-5459 Minneapells 2 Richard C. Thompson, 126 South Sixth St., Federal 3-425 New York 36 Harold E. Choate, Fred R. Emer- son, John H. Glover, John F. Juraschek, Francis F. Moadams, B. A. MoNaughton, John H. Sevenaon, John C. White, Jr., 205 8th Ave.
FUJI IRON & STEEL CO., LTD	NORFOLK & WESTERN RAILWAY CO 93 Agency—Houck & Co., Inc.	Sevenaon, John C. White, Jr., 500 Still Ave., Oxford 5-5858 Philiadelphia S
GENERAL TELEPHONE & ELECTRONICS CORP. Agency—Kudner Agency, Inc.	OZALID DIV. (GENERAL ANILINE & FILM CORP.) 31 Agency—Benton & Bowles, Inc.	St. Losis 9
GOODRICH-GULF CHEMICALS, INC 13 Agency—The Griswold-Eshleman Co.	PITTSBURGH CHEMICAL CORP43 Agency-Erwin Wasey, Ruthrauff & Ryan, Inc.	Frankfurt-M. Germany Genova

Why the Soviets Walked Out

The cynical and insulting way the Russians broke up the Geneva conference on disarmament, before the chief American delegate could present the new Western proposals, came as no surprise. It was completely consistent with Soviet behavior since they torpedoed the summit conference.

What's behind the 180-degree turn in the Russian line since the now long-dead "spirit of Camp David" is best known to the men in the Kremlin. Was it the American refusal to give up Berlin or any other important object of Communist ambition? Was it pressure from neo-Stalinists in Russia or from the fire-eating Chinese Communists—possibly aggravated by the U-2 affair and its disclosure of Soviet vulnerability to airborne attack?

Whatever the nominal cause or combination of causes, one thing has become clear—if there was ever any doubt of it: There is no hope of reaching agreement with the Communists on disarmament or any other important issue dividing East and West through an approach based solely on sweet reason or goodwill. The Soviets will negotiate only so long as the West is willing to give up what the Communists want, while the Communists give up nothing.

For the conflict between the Communists and the West cannot be resolved so long as they are still driving hard for world revolution.

The crazy-seeming reversals in the Communist line that we have seen for many years—the swing from fighting the Nazis in Spain to the Molotov-Ribbentrop pact to the holy war against the Hitlerites was just one example—are perfectly consistent tactical moves within the broad Communist strategy for revolution.

This is the strategy of "Protracted Conflict," which has been brilliantly analyzed in a new book bearing that title by Robert Strausz-Hupe and other members of the Foreign Policy Research Institute. This is a strategy that postpones the decisive battle against an excessively dangerous and heavily armed opponent (such as the U.S.) and calibrates each attack upon that opponent to the risks involved—until the balance of power has shifted overwhelmingly to the side of the Communist revolutionists.

This strategy for wiping out an opponent over a period of time alternates limited thrusts, feints, and threats with seductive invitations to make peace; it uses psychological, economic, political, cultural means; and—whenever the time is opportune—direct violence. The strategy by no means rules out the total knockout blow—if the Communists could deliver it without being destroyed themselves.

What this latest crude, alley-fighter performance of the Russians at Geneva shows again is that the Communists are implacable in their will to triumph over us, by fair means or foul. America's nuclear power has thus far ensured that their strategy of protracted conflict remains protracted. Despite Chinese Communist howls for a "just" war against us, our strength has also kept them in line.

However unpleasant these facts of life may be for those who had hoped that some agreements could be reached that would reduce the dangers of war, there is no reason to become too upset by the collapse of the Geneva talks, or the summit failure before it. For the history of the cold war shows that the Communists do in fact understand the limits to their aggression imposed by American strength.

The Geneva breakdown is not the end of our quest for peace. It does mean, however, that, to achieve peace, we must maintain and develop our armed strength, not be misled by the illusion that expressions of goodwill or exports of piano players or biochemists will persuade Communists to be gentlemen and stop trying to push us off the planet.

The Communists respect only one thing—power—and we must make them respect ours even more. That is why our accelerated progress in missiles (page 18) is such good news. And that is why we must maintain our over-all strength, keep our forward bases, and press forward with our anti-missile program and other military research efforts. These, ironic as it may sound, are the real forces for peace.

Public Relations

The growth of corporate public relations in recent years has been spectacular by any yardstick (page 40). Today, companies employ some 100,000 PR practitioners. Collective corporate PR budgets run to \$2-billion a year.

This growth of PR has been in part due to the changing role of the corporation. Today, corporations are not only expected to make a profit but to be educators, good citizens, and generous employers as well.

Business' needs for public relations are bound to increase. The voice of stockholders, employees, unions, and government is becoming more powerful. Companies setting up operations abroad, likewise, need good public relations to help them deal with the many new problems inherent in such operations.

In the process of becoming more attuned to public relations, many scratchy signals will pass between management and its PR experts and between the company and its various publics. But such lapses can be expected. The point is that in the society in which business operates today, public relations has become a top management responsibility and one that it must face up to if it hasn't already.



How to melt \$11

This year's \$11 billion in advertising is pushing, pulling, whispering to and shouting at the consumer. His defense: frequently icy indifference.

The modern marketer has to light quite a fire to unfreeze the consumer's mind, warm his heart and loosen his steely grip on the pocketbook. He needs an advertising medium that gets his message seen . . . by the right people . . . with high frequency.

There's no better way to cut the ice with consumers than through the hi-frequency magazine—The Saturday Evening Post. Your advertising message isn't lost in a ho-hum flurry of

Billion worth of ice

dial twirling and page flipping. The Post's unique and absorbing editorial content makes readers linger longer . . . spend more time with your ad . . . return to it more often. That's what researchers call hi-frequency Ad Page Exposure (APX). Your ad page in the Post gets a walloping 37% more exposure to the individual reader than the same ad in the other big general weekly.

A CURTIS MAGAZINE



In short, to melt away consumer advertising resistance, your ad needs a place in the sun. Make that place in the sun a space in The Saturday Evening Post — your number-one buy for hi-frequency advertising.

YOU GET THROUGH TO PEOPLE (INFLUENTIAL PEOPLE) IN THE POST

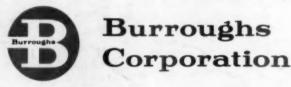


BURROUGHS TYPING ACCOUNTING MACHINES INCREASE SPEED BY 51% ON RECEIVABLES AND GENERAL LEDGER FOR THE ANDERSON CO.

The scene: Gary, Indiana, where The Anderson Company produces ANCO windshield wiper blades, arms and other patented safety products. The job: accounts receivable and general ledger accounting. The equipment: Burroughs Typing Sensimatic Accounting Machines. The results: President John W. Anderson reports "Burroughs equipment handles our heavy work load in half the time formerly required—51% faster, to be exact. The excellent typing feature increases speed substantially. And because the equipment is so easy to operate, it makes operator training simple."

Burroughs and Sensimatic—TM's

Burroughs data processing equipment ranges from accounting machines to complete electronic computer systems. It is supported by outstanding systems knowledge and known for outstanding results in businesses of every size. For details, action—and results—call our nearby branch now. Or write Burroughs Corporation, Detroit 32, Michigan.



"NEW DIMENSIONS / in electronics and data processing systems"

